

NEWS: INTERNATIONAL

Bosnia safe-havens: drawing 'lines in the sand'

THE international community is drawing lines in the sand if it does not put muscle behind its decision to create "safe areas" in six Bosnian towns, according to diplomats and United Nations officials.

The Security Council on Thursday approved the despatch of 50 military monitors to the six towns, which include Srebrenica, the fallen eastern enclave.

The additional monitors would bolster a force of some 9,000 peacekeepers currently deployed to protect humanitarian aid convoys in Bosnia.

But UN officials and diplomats worry that 50 UN officers will be inadequate to monitor the safe areas, the last remaining Moslem strongholds in Bosnia-Herzegovina.

Mr Cedric Thornberry, deputy chief of the UN Protection Force said yesterday: "I would not like to hazard a guess as to how many troops would be needed to fulfil the functions of safe areas".

SARAJEVO: Some 360,000 people are trapped, entirely dependent on international relief. Most of the aid

reaches the city through overland convoys from Belgrade, the Serbian capital. Renewed fighting between Moslem and Croat forces has halted convoys from Split, the Croatian port, which has increased the importance of the Belgrade-Sarajevo route.

The humanitarian airlift to Sarajevo airport, in operation since July, has helped especially when clashes have blocked aid routes.

Serb forces have besieged Sarajevo for 13 months. Artillery from the surrounding mountains has pounded the capital, damaging or reducing to rubble centuries-old mosques and churches which bear testimony to the city's rich cultural heritage.

"Sarajevo yesterday had a remarkably quiet day. Only 30 rounds fell on Serb positions and 13 on the government side," said Mr Thornberry.

BIHAC: The north-western town set in the Moslem heartland has been surrounded by Serb forces since last summer but has not been under constant attack. An assault last week by Serb paramilitaries from neighbouring Croatia was described by Mr

Thornberry as evidence of "two way ethnic cleansing".

Relief workers say the 270,000 people in Bihać, including Moslems from surrounding villages who were expelled by Serb forces, rely on outside food aid for survival.

TUZLA: UN relief workers say Tuzla's population of 125,000 has more than doubled with refugees, mostly

Serb mortar rounds frequently hit what was the only city in Bosnia where liberal, non-ethnic parties were elected in the republic's first multi-party elections in 1990.

While Tuzla symbolises free Bosnia, relief workers worry about how much longer Tuzla will manage to shelter streams of traumatised refugees and defeated soldiers and still

lages. The enclave, which has shrunk to an area of about 8km by 14km, shelters an additional 23,000 people in the immediate surroundings, according to UN officials.

Relief workers are trying to repair the town's power lines, cut since last May. Most of the inhabitants are afflicted with scabies and body lice.

Many have been made refugees several times over in the past year and are anxious to leave, lacking confidence that the UN will be able to protect them.

GORAZDE: An industrial town in south-eastern Bosnia, it is believed to shelter 60,000-80,000 people. "The situation is very critical. There are no food reserves. The local population is living off the land to a great extent," reports Ms Lyndall Sachs of UNHCR.

Water supply is adequate because the town is set on the River Drina. Overland convoys have reached the town, but usually encounter considerable delays at Serb checkpoints. UN officials believe the food provision was improved by the US air

drop of food and medicine pallets. Doctors, speaking via radio amateurs, which as in most of the enclaves represent the only link to the outside world, say there is a grave shortage of insulin.

ZEPA: Aid workers say the situation in Zepa, set deep in a narrow valley in the mountains of eastern Bosnia, is most critical. Bosnian radio said yesterday the village was under attack from Serb forces positioned on the mountain tops. Just three convoys, carrying 180 tonnes of food and medicines, have reached the remote village since the war erupted 13 months ago.

Unconfirmed reports from radio amateurs yesterday said 200 Moslems were killed in a Serb attack from Han Pijesak, their mountain stronghold. Negotiations were underway on the deployment of UN military observers to the village, said Bosnian radio.

Dramatic reports two months ago said the 28,000-30,000 people were barely surviving. Food reserves had been depleted and inhabitants were eating bread baked from wild grains.

leaving the Serb onslaught on eastern Bosnia. Once a major industrial centre the north-eastern city is now cut off by Serb forces, while Croat troops police the only open route to the city, blocking it at will.

Mr Jose Maria Mendiluce of UNHCR says Tuzla authorities have performed "miracles" in coping with the influx of refugees. City officials have taken over the distribution of food, and even bread is rationed. About 80 per cent of food aid is delivered through Serb lines from Belgrade.

Srebrenica's peace-time population of 8,000 tripled with Moslems seeking sanctuary from Serb troops burning and looting surrounding vil-

lages. The enclave, which has managed to retain its multi-ethnic character.

SREBRENICA: A company of 150 Canadian peacekeepers last month finally crossed Serb lines to reach Srebrenica, set in the foothills of the Drina River valley. Besieged for 11 months, Bosnian Serb commanders agreed to allow UN peacekeepers into the town if the Moslems defences were disbanded.

Srebrenica's peace-time population of 8,000 tripled with Moslems seeking sanctuary from Serb troops burning and looting surrounding vil-

Sealed border may turn out to be a sieve

Laura Silber casts doubt on President Milosevic's ability to police Serbia's frontier with Bosnia

BY snubbing their former patron Serbian President Slobodan Milosevic, Bosnia's Serbs leaders did him a favour.

Mr Milosevic now has the blessing of the international community to either rein in the Bosnian Serbs or let them bear responsibility for the war.

The rejection by the Bosnian Serb assembly of the Vance-Owen plan, which Mr Milosevic says he supports, has exposed a deep rift between Belgrade and Pale, the Bosnian Serb mountain stronghold. Dismissing Mr Milosevic's attempts to persuade the self-styled parliament to accept the plan, Bosnian Serb deputies voted to hold a referendum on the plan to divide Bosnia into ten semi-autonomous ethnic provinces.

After their Bosnian kin had rejected the peace plan, Serbian and Yugoslav authorities swiftly responded with the announcement that they were cutting off all supplies except food and medicine to Serb-held territory in Bosnia.

It is too early to tell whether Belgrade will carry out the threat. If implemented, it will cripple the self-proclaimed Serb state already devastated by a year of war.

The rump Yugoslavia, comprised of Serbia and Montenegro, has earmarked 20 per cent of its national income for Bosnian Serbs over the past year. The UN last week imposed more sanctions on Yugoslavia when Bosnian Serbs rejected the peace plan. Eleven months of a trade embargo have hit the

federation hard.

The borders are porous and there is little sign that international monitors will be deployed to the many bridges leading to Bosnia-Herzegovina. "There are 100 border places. In many places it is like a sieve," said a western diplomat.

Serbian police have reportedly stepped up controls searching cars on the many border crossings where until Sunday most people passed, just flashing their identity cards.

Yugoslav security forces at a road block on a bridge at Mali Zvornik said they had not yet been given new orders to apply the strict embargo announced on Thursday on Serbia against their Bosnian kin.

According to reports from the border traffic rumbled back and forth across the Drina river bridges on the frontier.

Serbs from both sides of the Drina said closing the border would be a betrayal by President Milosevic but almost all of them scoffed at the idea that the cut-off in supplies could work.

Bragging that Bosnian Serbs did not need weapons supplies from Serbia, one Bosnian Serb soldier said: "You guys have got it all wrong. We've got enough of our own guns."

The blockade nevertheless is the strongest sign so far that Mr Milosevic has finally turned on the leaders he cultivated and modelled in his own image. By imposing a blockade Serbia has publicly stated it is no longer willing to make sac-

rifices for its ungrateful allies. "Everything except humanitarian food and medicines will have to stop going across," said a trade inspector from Belgrade, Danilo Hajduk-Veljkovic.

Mr Milosevic, if he is sincere about abandoning his nationalist mantle, must now turn against his unofficial ally Mr Vojislav Seselj, leader of the Serbian Radical party and commander of a paramilitary unit.

Mr Seselj, whom Mr Milosevic once called his favourite politician, has called for the expulsion of all non-Serbs from Serbia as well as "politically suspect" Serbs. He has also been named by the US state Department as a possible war criminal.

Another relationship Mr Milosevic will have to confront is with General Ratko Mladic, who is widely credited with having swayed the parliament to reject the Vance-Owen plan this week.

General Mladic has the reputation of being a "soldier's soldier" and single-handedly orchestrated the Bosnian-Serb campaign.

Just before the war erupted, Mr Mladic appointed General Mladic as army commander of Yugoslav forces in Sarajevo.

For the first time, Mr Milosevic, who built his career on a faux-populism, scoffed at the idea of "letting the people decide their own future" when the Bosnian Serbs voted to hold a referendum.

In a sign that Serbia was ready to condemn actions by

the Bosnian Serbs, the media in Belgrade yesterday gave extensive and critical coverage of the bombing and destruction of three mosques in Banja Luka, the bastion of Serb radicalism in northwestern Bosnia.

Attacks on Moslem relics and mosques have been tolerated or ignored in state-con-

trolled media since war broke out 13 months ago.

When mosques were blown up in the northeastern town of Bijeljina, which was mostly Serb before the war, Television Serbia, under the control of Mr Milosevic, did not mention the incident.

Bosnian Serb leaders so far have not shown much anger or

surprise at Belgrade's decision to impose sanctions.

In contrast, hardliners called the move as "understandable in the face of intense international pressure. They so far have ignored the irony that Mr Milosevic has in turn imposed sanctions which over the past year he has dismissed as "unjust evidence that the West wants to bring Serbia to its knees."

"This is very sad. But we don't need anything from them except food and some trade. We can survive as we survived for four years against Hitler without receiving anything from abroad," said Bosnian Serb leader Radovan Karadzic.

NEWS IN BRIEF

Ecuador to create code of conduct for business

THE newly formed anti-corruption organisation Transparency International has been invited to help Ecuador implement a code of business conduct, Mr Alberto Dahik, the country's vice president, announced at the start of a three-day inaugural conference in Berlin, writes Michael Holman.

A key measure in the campaign involves participating governments signing the code of conduct drawn up by TI and restricting the award of state contracts to local and foreign companies which have made the same pledge.

National chapters of the new pressure group would soon be established in Bangladesh, Bolivia, Botswana, Germany, Kenya, Nepal, Philippines, the US and UK, said Mr Peter Eigen, TI's managing director.

Finn economy shrinks by 0.5%

The Finnish economy will shrink by 0.5 per cent this year, its third consecutive year of negative growth, the country's finance ministry said yesterday, writes Christopher Brown-Humes in Stockholm.

Its forecast came as the Finnish central bank cut its base rate by half a percentage point to 7.0 per cent.

Perez threatens to resign

Venezuela's president, Mr Carlos Andres Perez, has said he will resign if the country's Supreme Court rules that he should be impeached for allegedly mishandling \$17m in government funds, writes Joseph Mann in Caracas. The president's decision came after a favourable opinion on his case written by the chief justice of the Supreme Court was leaked to the press on May 5.

EC call over xenophobia

EU ministers of Justice and the Interior at a meeting yesterday called for action by national authorities and international co-operation between European states to combat racism and xenophobia, writes Hilary Barnes in Kolding, Jutland.

They also agreed on the need for international co-operation on refugees, where a Danish proposal for the establishment of a European Commission on Refugees is to be pursued.

Prisoner recaptured

Brussels police said yesterday they had recaptured Mr Philippe Lacroix, who escaped from a city jail on Monday in a daring armed break-out by three of Belgium's most notorious prisoners, writes Andrew Hill in Brussels.

Mr Lacroix is one of a nine-strong gang awaiting trial accused of a series of bloody armed hold-ups and the kidnaping of Mr Paul Van der Boeynants, the former prime minister. He was arrested in Brussels following a hold-up.

No plot to kill Havel'

Senior Czech police and interior ministry officials said yesterday there was no evidence of a plot to kill Czech president Vaclav Havel, writes Richard Blau in Prague. This contradicted a statement on Thursday by Mr Jan Ruml, the interior minister, who said police had uncovered a foreign conspiracy to kill Mr Havel.

Resurge Farhan Bokhari

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Ciampi set for confidence vote

By Robert Graham in Rome

MR Carlo Azeglio Ciampi, the former governor of the Bank of Italy, last night looked set to win a parliamentary vote of confidence to head the country's 52nd post-war government.

The firm commitment to carry out electoral reform before the summer muted the opposition and allowed them to abstain rather than vote again against him. He was backed outright by the outgoing four-party coalition plus the Referendum Movement.

The Christian Democrats and Socialists, the backbone of the majority behind the Ciampi government, insisted there should be no time limit. They fear facing early elections in a state of disarray.

By contrast, the former communist Party of the Democratic Left (PDS), the Republi-

cans, the populist Lombard League, the Greens, as well as the Referendum Movement, claimed the government's sole task was complying with the wishes of the electorate as expressed in the April 18 referendum.

This referendum introduced a clear split between those parties that wished the government to last at least until next year and those pressing for fresh elections directly after new electoral laws are approved.

The latter parties openly threatened to carry out a spoiling action should the government seek to prolong its life beyond the introduction of electoral reform.

Mr Gianni, the leader of the Referendum Movement, claimed such legislation could be presented to the government in days. He has already

drawn up proposals for the chamber of deputies similar to those endorsed in the referendum. Other speakers warned the government, headed by a non-parliamentarian, had to be careful not to be seen imposing reform on parliament.

Yesterday, Mr Ciampi, in reply to the debate, assured parliament he staked his prestige on being able to oversee such reform before the summer recess. He also warned that the process of political realignment risked further mutation as a result of June 6 municipal and regional elections, involving 11m voters.

The government is expected also to act quickly to produce a mini-budget to find extra revenue and make spending cuts. This could be ready within two weeks.

Union officials yesterday said the strike would continue until employers reinstated a contract signed with IG Metall in March 1991.

The contract, aimed at equalising western and eastern German wages by next year, would mean pay increases of over 20 per cent for the metal, engineering and steel sectors throughout the five east German states. Wages are now about 60 per cent of west German levels.

However, IG Metall said negotiations between employers and the union in the Saxon capital of Dresden were expected to resume "very soon," adding that these talks "hold the key" to ending the strike.

The Dresden talks were broken off last Tuesday after the two sides failed to reach a compromise on how long, if at all, the timetable towards income parity could be put back.

Union leaders said an overtime ban by 400,000 engineering workers, more than 11,000 newspaper industry workers and hundreds of caretakers and cleaners would begin on Monday if agreements on this year's wage round were not

IG Metall to put on more strike pressure

By Judy Dempsey in Berlin

IG METALL, Germany's powerful engineering union, will step up its strike action in eastern Germany next week by holding further ballots in three states and by calling out more enterprises in Saxony and Mecklenburg-West Pomer

War-war overshadows jaw-jaw

THE BLACK limousines which daily ferry the Arab and Israeli delegations to the State Department provide an illusion of progress in the Middle East peace talks. But what is happening in the region is proving more important than any developments around the negotiating table.

In the past fortnight, 17 Palestinians have been shot dead by Israeli troops in the occupied territories and many more have been wounded. The violence was deplored by the Palestinian negotiators, largely ignored by the Israelis.

The Israeli cabinet this week confirmed the indefinite physical separation of the West Bank and Gaza Strip from Israel. The "green line", which divides Israel from the Arab territory it captured in 1967, has begun again to take on the appearance of a permanent border.

The implications are considerable. The majority of Israelis appear to approve the measure which prevents more than 100,000 Palestinians in the territories from travelling to their jobs.

It imposes some hardship on

Israeli companies which depended on Palestinian labour, but far more on Palestinian families who no longer have their primary means of economic support.

However, since the territories are now virtually sealed off, the random stabbings by individual Arabs within Israel has almost ceased. In the short

Most cabinet members have in the past also expressed an understanding about the extent to which economic deprivation is grist to the mill of the radical Islamic groups within the occupied territories, such as Hamas and Islamic Jihad, which oppose the peace process.

Opinion polls within Israel

by Mr Yassir Arafat accept they have little alternative to negotiations.

That conviction may be waning. A PLO spokesman in Tunis warned yesterday that the talks were "on the road to an impasse". But to admit failure in Washington would be to hand a propaganda coup to Hamas comparable to that pro-

such gestures. It continues to say that it is ready for a full peace, but will not provide details until Israel commits itself to a full withdrawal from the Golan Heights. Neither government wishes to be the first to test domestic opinion by specifying anything, and is not under great pressure to do so.

Mr Rabin's coalition government and the broad Palestinian movement are, however, showing similar signs of the strains created by talk of peace that is accompanied by violence.

The issue may be less pressing domestically for Mr Rabin, providing he can patch up the differences within his party and the coalition. The Palestinians have less scope for manoeuvre, particularly as several members had their arms twisted to return to Washington.

The ceremonial involvement of President Bill Clinton in the days ahead would help to focus attention on the positive world background to the Washington talks, but events in Israel and the occupied territories threaten to have the more decisive impact.

Palestinian deaths have more relevance than Washington talks to attempts to bring peace to the Middle East, writes Roger Matthews

term this represents a partial political success for Mr Yitzhak Rabin, the prime minister, who last year campaigned on the promise to make Israel safer for its citizens. But it is a success which has been bought at some cost to the peace process, as several Israeli ministers recognise.

Mr Shimon Peres, the foreign minister, heads the Labour group within the government which wants to offer more to the Palestinians and Syrians in order to accelerate negotiations.

suggest the hardliners are so far winning the argument. The latest, by Gallup, showed 59 per cent opposed to territorial concessions, confirming impressions that most Israelis prefer the *status quo* to any formula which might satisfy the more pragmatic of Palestinian aspirations.

Understandably, it is not something on which the Palestinian and Syrian delegations in Washington wish to focus. The Palestinians, representing the mainstream Palestine Liberation Organisation headed

by Mr Rabin when he deported 515 of their supporters in December.

The recent return of 30 Palestinians, deported by Israel before 1987, was seized on as an example of the benefits of negotiation. But many more such gestures are needed to offset the pain of the continued killings in the West Bank and Gaza, which caused the Palestinians to suspend the work of the human rights sub-committee set up with Israel to discuss such issues.

For Syria there have been no



CONFRONTATION: An Israeli soldier bars the way of a Palestinian in Arab East Jerusalem

Nigeria threatens death for sedition

By Michael Holman

NIGERIA'S military-led government has imposed a sweeping anti-sedition law, threatening the death penalty for spoken or published words that might disrupt "the general fabric" of the country.

The move follows an outspoken attack on President Ibrahim Babangida by retired general Olusegun Obasanjo, Nigeria's influential former chief of state.

"We have an administration in deficit - deficit budgeting, deficit financing, deficit in honesty, honour and truth," he said in a recent interview with a Nigerian weekly magazine, *Tell*.

Earlier this week, government agents in Lagos seized 70,000 of the latest edition of *Tell*, which cast doubt on government plans to relinquish power.

Gen Obasanjo questioned Mr Babangida's commitment to the scheduled handing over to a civilian government next August, criticised the planned relocation of army headquarters to the president's home town of Minna, and attacked the handling of the economy.

Describing the transition programme as "a charade and a caricature of democracy", Gen Obasanjo, who led Nigeria from 1976 until handing over to a civilian government in 1979, all but served notice on Mr Babangida that his time in office was running out.

"We have had President Babangida manoeuvring, manipulating, playing the game his own way... When you talk of a transition programme I will only believe it when I see it... The only programme in town is Babangida's programme as he conceives it."

Nigeria's involvement in the west African peacekeeping force in Liberia, said Gen Obasanjo, "left it bruised, weakened and diminished."

Job trends point to sluggish US growth

By Michael Prowse
in Washington

US manufacturing employment declined for the second month running in April, suggesting continued weakness in the industrial sector, official figures indicated yesterday.

Manufacturers shed nearly 90,000 jobs in March and April combined, more than offsetting job gains in the previous four months, the Labour Department said. Construction employment also fell last month, dashed hopes of a rebound after severe winter weather in March.

Non-agricultural employment as a whole, however, rose a modest 119,000 to 109.3m, indicating that the economy is continuing to grow sluggishly

after a lacklustre first quarter. The unemployment rate was unchanged at 7.0 per cent for the third month, running against a peak of 7.7 per cent last summer. The figures fall short of Wall Street projections of an increase in non-farm of employment of 150,000-160,000 last month, in line with the average rate of expansion in the first quarter. The bias toward service industries was more pronounced than expected.

Employment contracted by 78,000 in goods-producing industries and rose by 128,000 in service industries, confirming a trend established early in the recovery. With factory overtime rates now at record levels, a pick up in demand this summer could lead to a rapid rebound of employment.

Nearly a quarter of the net increase in employment last month was in the amusement and leisure industries. Health-care and temporary service jobs accounted for most of the remaining new jobs.

Mr William Barron, a senior labour department official, said the report pointed to a continuing "slow improvement" in the labour market.

Total employment, however,

remains about 1m short of the pre-recession peak of 110.3m in June 1990.

Analysts took some comfort from a further increase in the length of the average working week, which suggests industrial production rose modestly last month.

With factory overtime rates now at record levels, a pick up in demand this summer could lead to a rapid rebound of employment.

Clinton proposes curbs on Congress poll finance

By George Graham
in Washington

PRESIDENT Bill Clinton yesterday proposed limits on congressional election spending and donations from lobbyists, in a reform intended to meet popular disquietment over the US campaign financing system.

The proposals are a delicate compromise between the competing requirements of angry reformers keen to curb the influence of lobbyists, and Democratic fundraisers worried about cutting their party's own throat.

Mr Clinton's plan would cap spending on elections to the House of Representatives at \$500,000 (£389,510) with a sliding cap between \$1.25m and \$5.5m, according to population, for Senate campaigns. At least 80 House candidates exceeded these limits in last year's elections, topped by Mr Michael Huffington, a California Republican who secured his seat last year by spending a record \$5.4m, mostly from his personal fortune.

To entice candidates to abide by these caps, which can only be voluntary if they are to comply with the Supreme Court ruling, they will be offered vouchers to pay for advertising and mailings.

Mr Clinton proposes to pay for the public financing by ending the tax deduction for corporate lobbying expenses and by asking taxpayers to earmark part of their tax payment to campaign funds, as they can already do for presidential elections. This is designed to ensure support from some moderate Republicans who insist the measure must pay for itself, and who are critical to avoiding a Senate filibuster.

The reform will end "soft money" donations given to political parties to circumvent an existing \$25,000 per year limit on direct donations to candidates from individuals or companies. But individuals will be allowed to give another \$25,000 a year to parties, in order to cushion that loss.

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The reform will end



SHANGHAI TYRE & RUBBER CO., LTD.
(Incorporated in the People's Republic of China ("PRC"))

RESULTS

The Board of Directors of Shanghai Tyre & Rubber Co., Ltd. ("the Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended December 31, 1992 in conformity with International Accounting Standards ("IAS").

	Renminbi ("RMB")	1992	1991
Sales		(Expressed in RMB'000 except for earnings per share)	
Net profit before taxation and minority interests, including net foreign exchange gain of RMB 153,540,000 (1991 - net foreign exchange loss of RMB 2,143,000) (Note 4)	1,622,461	1,283,399	
Taxation - current (Note 2)	344,537	129,323	
- deferred (Note 2)	(53,043)	(35,621)	
Net profit after taxation	273,094	93,702	
Minority interests	(2,558)	(4,884)	
Net profit after taxation and minority interests	270,536	88,818	
Earnings per share (Note 3)	RMB 0.529		

NOTES

1. The above consolidated results were prepared in conformity with IAS for information of B shareholders only. The results differ from those of the statutory accounts which were prepared in accordance with applicable accounting principles and financial regulations in the PRC (Accounting Regulations of the PRC for Joint Stock Limited Companies). Net profit after taxation and minority interests per the statutory accounts was RMB 224,586,000 (1991 - RMB 96,369,000).
2. For 1991, the Company was subject to Enterprise Income Tax ("EIT") at 27% of assessable profits. For 1992, it was subject to EIT at 27% for the period from January 1, 1992 to June 30, 1992 and at a reduced rate of 15% for the period from July 1, 1992 to December 31, 1992.
- Deferred taxation was provided for using the *ability method* in respect of tax effects arising from material timing differences which are expected to crystallize in the foreseeable future.
- Taxation on profits of subsidiaries was calculated at the applicable rates in accordance with the relevant tax regulations in the PRC.
3. The calculation of earnings per share is based on the net profit after taxation and minority interests for the year of RMB 270,536,000 and the weighted average of 511,402,660 shares of the Company in issue during the year, assuming that the state-owned A shares were in issue for the entire year.
4. During August 1992, B shares were subscribed at a rate of US\$ 1 = RMB 6.6272. As of December 31, 1992, the exchange rate of RMB as quoted in the Shanghai Foreign Exchange Transaction Centre devalued to US\$ 1 = RMB 7.706. Consequently, substantially all of the exchange gain, net, in 1992 arose from the revaluation of unutilized B share proceeds and net monetary foreign currency assets as of December 31, 1992. Exchange loss, net, in 1991 arose from normal business transactions.
5. The Group's net foreign currency monetary assets amounted to approximately US\$ 105 million as of December 31, 1992. During the period from December 31, 1992 to March 30, 1993, the exchange rate of RMB as quoted in the Shanghai Foreign Exchange Transaction Centre further devalued from US\$ 1 = RMB 7.706 to US\$ 1 = RMB 8.145.

FINAL DIVIDEND

Details of the final dividend will be announced in the Notice of the Company's Annual General Meeting.

ANNUAL REPORT

The Company's 1992 annual report incorporating details of business review and prospects of the Company will be despatched to the members as soon as practicable.

Shanghai
The People's Republic of China,
May 6, 1993

By order of the Board
Secretary
Xu Yue Cun

Nedlloyd

Shareholders in Royal Nedlloyd Group N.V. and other entitled parties are invited to attend the annual General meeting of Shareholders which will take place on Wednesday 26 May 1993 at 14:00 hours in the Rotterdam Hall of Beurs-World Trade Center, Beursplein 37 in Rotterdam.

The agenda for the meeting and the annual report of 1992 are available for inspection and perusal at the office of the Company and at the offices named hereafter, where a copy can be obtained free of charge.

Registration
To obtain entry to the meeting and to be able to exercise the rights attached to bearer shares, holders of bearer shares must have deposited their shares at the latest on Wednesday 19 May 1993 at the office of the Company, or at the Main Office of one of the following banks:

ABN AMRO Bank N.V., Herengracht 597, 1017 CE AMSTERDAM
Mees-Pierson N.V., Rokin 55, 1012 KK AMSTERDAM
Kas-Associatie N.V., Spuistraat 172, 1012 VT AMSTERDAM
Commerzbank AG, Neue Mainzerstrasse 32, 6000 FRANKFURT AM MAIN.

The certificate of deposit from the bank will serve as admission card to the meeting.
To obtain entry to the meeting and to be able to exercise the rights attached to registered shares, holders of registered shares must have given written notice of such intention at the latest on Wednesday 19 May 1993 to the Executive Board (Secretariat Executive Board, Boompjes 40, 3011 XB Rotterdam, The Netherlands) who will then issue an admission card to the meeting.

Proxies
Shareholders wishing to be represented at the meeting through a written proxy are being advised that their form of proxy must have been signed by the rightful owner of the relevant share(s). In addition, the original form of proxy must have been received in the office of the Company not later than on Wednesday 19 May 1993 (Secretariat Executive Board, Boompjes 40, 3011 XB Rotterdam, The Netherlands). When registering, the holder of bearer shares will receive a form of proxy from the bank; the holder of registered shares will receive a form of proxy from the Executive Board.

Rotterdam, 8 May 1993

Executive Board



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NEWS: Asil Nadir in Cyprus

Deadlock on extradition

By Gillian Tett

BRITISH attempts to extradite Mr Asil Nadir, the fugitive Turkish Cypriot businessman, appeared to be in deadlock yesterday, after the Turkish embassy in London indicated that it was unwilling to intervene in the issue.

Mr Tristan Carel-Jones, minister of state for foreign affairs, met the Turkish ambassador, Mr Canderim Onhon, and delivered a "strong message" asking for Turkish help in retrieving Mr Nadir.

But although Mr Onhon promised to convey the request, he refused to promise any help with extradition. A spokesman for the embassy said: "The Turkish Cypriot

republic is an independent republic which is recognised by Turkey but we cannot interfere in their internal affairs." He noted that Turkey and the UK had no extradition treaty.

The Home Office, meanwhile, gave a cool response to a handwritten facsimile message which it had received on Thursday from Mr Nadir offering to return to Britain in exchange for unconditional travel rights. It said: "We will be replying to the fax in a couple of days as a matter of courtesy - that is all."

Representatives of six government departments later met at the Serious Fraud Office discuss co-operation.

The SFO said yesterday the central criminal court had

received a request on behalf of Mr Ramadan Guney, the businessman who provided £1m security for Mr Nadir, in the week before his departure. Although the application on April 29 would appear to indicate that Mr Guney had been concerned about Mr Nadir's possible departure, the SFO was not informed and the request was later withdrawn.

Mr Rick Shearman, Mr Guney's lawyer, refused to comment on reports that Mr Guney's associates had warned the SFO of Mr Nadir's imminent departure several times last week - and suggested that the SFO was trying to shift the blame for the affair. "The SFO seems to have got themselves into quite enough trouble and the tip-off was a decoy."

He refused to confirm or deny whether Mr Guney himself had contacted the police.

However, he said: "The SFO has spoken to the person who made the tip-off and identified him. But at the moment we do not want to get into a slanging match - we are concerned that if my client embarrasses the authorities, who are already embarrassed anyway, he will lose some credit when he comes before the judge."

Bail law reform moves closer

By Alison Smith

REFORM of the law on bail moved a step closer to coming into force yesterday, when the House of Commons passed without debate a bill to tighten up the existing arrangements.

Some MPs believe, however, that the questions raised by the flight of Mr Asil Nadir go wider than bail provisions and include the handling of fraud trials. The bill, which will now go to be considered by the House of Lords, was brought forward before Mr Nadir fled to northern Cyprus, but his departure has given it fresh impetus.

The measure, brought forward by Mr Michael Stephen, a Tory backbencher, and supported by the government and by MPs of all parties, would give the prosecution a right of appeal where magistrates grant bail against the advice of the police.

While some MPs believe that it would have made a difference in Mr Nadir's case if the new law had been in force - the Serious Fraud Office had originally objected to his being given bail - others are very doubtful about whether it would have had any impact.

Mr John Wills, the Tory chairman of the cross-party Treasury committee of MPs, believes that the length of time fraud cases can take to come to court is a significant factor, which should be considered.

The prospect of a two- or three-year time lag between charges being brought and the trial beginning, must make it more difficult for magistrates to decide to keep someone remanded in custody rather than on bail.

Recommendations for expediting fraud trials could come from the work already being undertaken by the royal commission on the criminal justice system on the investigation, prosecution and trial procedures of fraud cases. The commission is due to report shortly, but there would almost certainly be a further period of consideration before the government decided how to respond.

Police believe trial sabotage was planned

By John Mason,
Law Courts Correspondent

THE POSSIBILITY that a serious attempt to bribe the jury in charge of the trial of Mr Asil Nadir was ever contemplated was again dismissed yesterday by informed sources.

However, police investigating the original theories of a £3.5m "slush fund" to bribe Mr Justice Tucker believe that some attempt was planned to sabotage the trial of the Poly Peck chairman.

The investigation began last October after police obtained a copy of a document relating to the apparent payment of £3.5m by an acquaintance of Mr Nadir into a bank account. That acquaintance is in northern Cyprus.

Mr Nadir was initially suspected of involvement in the apparent plan. However, although he was re-arrested and questioned about the alleged payment, no evidence linking him to it was ever discovered.

Doubts remain about whether the copy is of a genuine document or a forgery designed to mislead.

Exactly what was intended - and who was behind it - remains unknown. The Metropolitan police said yesterday that the investigation by its

What the case has cost

● SFO fraud investigation and prosecution. No official figures are available but at its height, the two-year inquiry involved a large team of police and considerable foreign travel. Comparisons with similar investigations would suggest a figure approaching £2m.

● Mr Nadir's legal costs. Fees to date including defence work from Mr Anthony Scrivenor, QC and two solicitors' firms, Wizards and Parrons & Partners - which have been largely met from legal aid - are believed to have exceeded £1m.

● Trustee in bankruptcy. Fees from Neil Cooper and staff at accountants Robson Rhodes since Mr Nadir was driven into bankruptcy by a writ from Poly Peck's administrators are believed to exceed £100,000.

● Poly Peck administration. Professional fees and costs from accountants Coopers & Lybrand and Touche Ross and from legal advisers were last reported in October 1992 at £15.6m.

● Money out of pocket to Poly Peck creditors. Proportion of assets in the company likely to be repaid to banks and other creditors are estimated to be up to just 10p in the pound.

illegal approach and has remained the trial judge throughout.

It is generally believed that the copy of the document referring to the payment was intended to destabilise Mr Nadir's trial in some way - but how, to what purpose and to whose benefit remains unclear.

Police suspected the payment could have been part of an attempt to influence the course of Mr Nadir's trial, though they dismiss any suggestion that the apparent payment was to be used to bribe Mr Justice Tucker.

He was never subject to any



Cafe owner Osman Kemele: "He is a good man. And you can't blame the Turks for what has happened."

compatriots yesterday was undeniable. He is more popular now than ever before," said Mustafa, a retired shopkeeper, as he sat drinking Turkish coffee in a cafe.

His neighbour, Hasan, a self-employed accountant added: "We are very angry about the lack of justice. We think he has been picked on because he is a foreigner. So we think he was absolutely right to do what he did."

Meanwhile, Mr Osman Kemele, owner of the cafe, said: "He has employed a lot of people. And he is a good man. And you can't blame the Turks for what has happened."

It is a scandal that when I requested the DTI to conduct an inquiry, they refused unless I paid £1m.

"The President and Government of the Republic of Turkey asked Her Majesty's Government to step in. The Foreign Office sent a curt message back to the President at 4pm on a Saturday demanding that £100m be deposited by 10am on Monday, an impossible request.

"I travelled many thousands of miles trying to shore up confidence in Poly Peck... In December 1990 I was in Turkey and Cyprus assisting the administrators and was advised that to return to Great Britain would lead to my arrest. I actually thought in a strange way that this would be a good thing because I had great faith in British justice and wanted the whole gashly business to be cleared up."

His returning aircraft was diverted to Heathrow. "We were greeted... by 60 fully armed police complete with flak jackets and dogs. They dramatically stormed the plane and told me, as they say in the movies, to freeze!"

After two days in custody, he was charged with theft and false accounting. "Bail was set at a UK record of £3.5m, but I wasn't allowed to contact any of my family or anybody who had the remotest connection with me commercially, which amounts to approximately 175,000 persons."

His lawyers arranged for a firm of accountants to look at the books of Unipak, a Poly Peck subsidiary in northern Cyprus. "All along the investigators had insisted that there were no assets in either of these countries. Well, ladies and gentlemen, we are now all gathered in a phantom hotel. According to the authorities it does not exist. I am glad to say that Binder Hamlyn's report confirmed that monies allegedly stolen by myself were accounted for in the books

'I had to have the freedom to move, to talk'

Polly Peck's fugitive chairman explains why he jumped bail and protests his innocence of fraud

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here. The SFO... indicated that the books must have been cooked. My lawyers then chose forensic experts from the SFO's own approved list to investigate this. Their report verified that the books had not been tampered with.

"What has been most alarming has been the tactics of the SFO and other authorities. First of all, my private and confidential mail to and from my lawyers has been opened. It was a criminal act and confirmed in court.

The SFO seemed to be desperate "so on to the scene comes a QC from the Director of Public Prosecutions. He walks into court uninvited and tells the judge that he is under investigation for conspiring to pervert the course of justice..." The charade continued a few days later in a court the size of a broom cupboard... This hearing involved a High Court judge continually protesting his innocence. It was pure farce.

"There are many points that I have left out. I shall reveal all in due course. I assure you that there is much more to the



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Ice-cream market to be probed

By Guy de Jonquieres, Consumer Industries Editor

COMPETITION in the £800m-a-year ice-cream market is to be investigated by the Monopolies and Mergers Commission, the Office of Fair Trading announced yesterday. The commission will examine the widespread practice among manufacturers of supplying freezer cabinets free of charge to small retail outlets, on condition that the cabinets are not used to stock competitors' products.

Sir Bryan Carsberg, director-general of fair trading, said he was concerned that the practice, known as freezer exclusivity, prevented smaller companies from entering the market. Consumers would benefit from wider choice and keener price competition if retailers were free to stock rival products in the same cabinet.

Sir Bryan believed freezer exclusivity had been "a major factor" in the success of Wall's, part of the Anglo-Dutch Unilever group, in raising its share of "impulse" ice-cream sales to between 30 per cent and 70 per cent. These sales, typically made at newsagents and kiosks, are worth about £350m a year.

The inquiry is a victory for Mars, the US-owned food manufacturer, which has repeatedly challenged Unilever's domination of the European ice-cream market in Brussels and in national courts.

Mars, which began making ice-cream versions of its chocolate bars in 1989, has about 10

per cent of UK impulse sales, which are the fastest-growing part of the market.

Mars welcomed the inquiry. But Wall's said it was "surprised and disappointed" by the OFT's decision after a report by the commission in 1978 had cleared the practice of freezing exclusivity.

Wall's said six new competitors had entered the UK market in the past five years. Its own growth since 1979 had been due to new products, advertising and service to retailers, rather than to freezer exclusivity, which was a "not unreasonable" practice.

According to the OFT, about 90,000 retail outlets have freezer cabinets, of which 42,000 are supplied by Wall's. The earlier commission report said competition would benefit if more retailers had their own freezers.

The legal battle over ice-cream broke out three years ago, when Unilever obtained a court injunction in Ireland prohibiting Mars products from being stocked in Unilever freezers. Mars appealed against the ruling but lost.

Under pressure from Mars, however, the European Commission last year suspended arrangements which Unilever and Schöller Lebensmittel, a large German ice-cream manufacturer, used to exclude competitors from many retail outlets.

The EC also expressed doubts about the legality of freezer exclusivity, which it is still investigating.

Carbon emissions to rise after 2000

By Bronwen Maddox, Environment Correspondent

MR MICHAEL Howard, environment secretary, said yesterday the UK's emissions of carbon dioxide were likely to rise after 2000 even if the country met international targets on combatting global warming.

The UK committed itself at the Rio Earth Summit to bringing emissions 2000 back to 1990 levels, a target normally referred to as "stabilisation". But that commitment did not mean that emissions would not rise again after 2000, Mr Howard said.

He told the Department of the Environment's conference on the UK's plan for meeting the Rio targets: "We will look in 1996 at emissions beyond 2000 in the light of the scientific knowledge at that point - that review process is part of our Rio convention."

Mr Carl Smith, shadow environment spokesman, called Mr Howard a "flat-eared" for "disputing the scientific evidence on global warming" and for refusing "to give any commitment, even in principle, to reduce emissions beyond the year 2000".

Mr Howard told the conference that the public sector would not escape pressures for energy efficiency.

He said the government had set itself the target of saving 15 per cent in energy consumption - about 3 per cent a year - between 1990-91 and 1995-96.

"Our targets should take

energy use by central government down to well below 80 per cent of 1990 levels by 2000," he said.

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energy use by central government down to well below 80 per cent of 1990 levels by 2000," he said.

A spokesman for Leonard Curtis said clients were likely to get more than 90 per cent of their funds back.

The Securities and Futures Authority noted a shortfall of

£249,034 from clients' funds but pointed out that private clients could claim the balance of their funds from the Investors' Compensation Scheme.

The SFA banned David Coakley Ltd from conducting any kind of investment business in December, apart from executing-only business for non-private clients, business for clients whose investments were managed by commodity trading advisers, as well as transactions necessary to close out other client positions.

Power sharing will be a unique experience for Surrey and it will take time for the participants to learn the rules of the game.

Labour and the Liberal Democrats see common ground developing over education, social services and environmental issues but there will inevitably be problems. The obvious candidate for cuts is education, where spending is substantially higher than the government's targets, but some of the parties want to see this curtailed.

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Lloyd's hopes scheme will settle Names row

By Richard Lapper

HOPES OF reaching a negotiated settlement to the legal problems dogging the Lloyd's of London insurance market rose yesterday following the publication of a report prepared by a special market committee.

The committee's chairman, Mr Neil Shaw, who leads a group of Names - the individuals whose capital backs underwriting - said he was confident that the proposal to establish a new Lloyd's company to negotiate legal actions on behalf of Names was "a winner".

Mr Peter Middleton, chief executive, who appointed the

committee, said there were problems with the proposals but negotiations would continue.

Several thousand Lloyd's Names have either taken action or are planning action against the agents who handle their affairs to recover over billions of pounds of insurance losses.

Lloyd's is keen to reach a negotiated settlement to the litigation in order to make the market more attractive to new investors.

Mr Shaw's committee has been examining the possibilities of a deal between Names and the errors and omissions (E&O) insurers, which cover agents against legal awards.

THE GOVERNMENT aims to recoup any claims it meets as remunerator of last resort to Pool Re, the reinsurance company set up by UK insurers to cover against the risk of terrorist attack.

Pool Re will pay a premium for the reinsurance cover, with the premium structure designed with the aim of "avoiding any net cost to the government over a period of

years", according to the text of the bill before parliament. It is expected that Pool Re will be authorised to trade as an insurer next week. It was created after the decision by UK insurers to exclude terrorism cover from commercial insurance policies from January 1993.

It is likely that claims stemming from the Bishopsgate bomb last month will exhaust premiums collected by the pool's managers to date, leaving the government with much of the bill, estimated at £300m to £400m.

As a result of the losses Pool

Re is likely to review its premium structure over the next few weeks, leaving many insurance buyers, especially in areas judged vulnerable to terrorist attack, with potentially heavy increases.

The report proposes that a new Lloyd's company - Recovery - should be created to take over the legal rights of Names and seek to negotiate a deal or arbitrate a settlement with the E&O insurers. Alternatively it

would conduct legal action on Names' behalf.

Names would be offered credits by Lloyd's to take part in the scheme. The Names would repay from the proceeds from any settlement.

Mr Middleton warned yesterday that it was "less than a simple matter" but said "at least we have something to work on. We are seeing whether we can find a framework. I am reasonably confident we will be able to establish an acceptable process."

The scheme's biggest flaw surrounds the possible failure of arbitration or negotiation efforts, he added.

"If we go to litigation we would find ourselves taking legal action on behalf of one group of Names [those taking the legal action] against another group [those who are members of the syndicates offering E&O cover]," he said.

Mr Shaw, who also chairs the Association of Lloyd's Members, which represents several thousand Names, said: "The proposal may not satisfy everybody but Lloyd's will end up with a route forward."

Mr Middleton said he had

devoted most of the past week

to the issue and had had a "useful" meeting with E&O

insurers on Tuesday. He was

expecting to meet the leaders

of Names' Action groups,

which are co-ordinating legal

actions, on 17 May.

Mr David Rowland, chair-

man, said last week that

Lloyd's might be prepared to

contribute a "modest" additional sum to make a settle-

ment possible.

Tebbit warns of rejoining ERM

LORD TEBBIT, the former Conservative cabinet minister and party chairman, claimed yesterday that the Maastricht treaty would result in sterling being dragged back into the European exchange rate mechanism "before long", Iver Owen writes.

Lord Tebbit joined Mr Will-

iam Cash, a leading Euro-

sceptic in the Commons, in

repudiating the view of Mr Stephen Dorrell, financial sec-

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Tuesday reaffirmed that there

was no obligation under the

treaty "to work towards fixed

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Lord Tebbit, speaking at the

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Weekend May 8/May 9 1993

Doubts about US recovery

PITY POOR Mr Bill Clinton. He is held responsible for everything, but is so hammed about in what he can do. This is particularly true of economic management, which is one reason why even a "domestic" president finds himself drawn to the pleasures and pains of foreign policy activism.

How difficult a president's life can be is shown by the reaction to just three months of subdued economic growth. Provisional estimates suggest that the economy grew at an annualised rate of 1.8 per cent in the first quarter of 1993. But this followed growth at 4.7 per cent in the fourth quarter of 1992, which means that average growth in the two quarters was 3.3 per cent. This would seem to be perfectly satisfactory. But Mr Ron Brown, the commerce secretary, responded to the news by saying that the economy was growing at "an unacceptably low rate".

As is usual in almost any recession, the signals are confusing. Yesterday's announcement on employment in April, for example, showed a constant unemployment rate and an increase in non-farm employment of 119,000, which was somewhat less than generally forecast. Earlier in the week it was also announced that the March index of leading indicators had shown a fall of 1 per cent, while there was also a sharp decline for April in the widely followed Purchasing Managers' Index.

Yet the Federal Reserve's latest beige book survey of regional economic conditions had been more optimistic. It cited a "modest improvement in economic conditions across much of the nation" last month, following a dip in activity in March, which was caused mainly by severe winter weather. Manufacturing output, retail sales and home sales were all said to be improving.

Halting expansion

All in all, after eight successive quarters of growth that have followed what was only a mild recession, there is nothing in this performance worth getting particularly worried about. As Mr Greenspan has often pointed out, this was always likely to be halting recovery in an economy that was weighed down by debt.

There is also rather little the authorities can do to help. Monetary policy is already as loose as can be imagined. The administration may blame Senate republicans for blocking its plans for short-term fiscal stimulus worth \$15bn (£9bn). But the loss of such a marginal amount of fiscal pump

The electorate strikes back

THE FULL measure of Conservative disenchantment with the government elected in April 1992 became apparent this week. On Thursday the voters of Newbury returned a Liberal Democrat in what was previously regarded as a safe Tory seat. The "swing" - the transfer of support from Tory to Liberal - was not the highest in the history of postwar by-election upsets, but at 28% per cent it exceeded the benchmark established in a similar dramatic reversal of fortune at Orpington 31 years ago. In the local elections Tory councillors were swept out everywhere. They lost especially badly in the shire counties of the south-east, the Conservative party's natural homeland. As the prime minister said yesterday, the people have given the government "a bloody nose".

It is possible to offer a charitable interpretation of these results. Homeowners in the south-east were particular beneficiaries of the Thatcher boom of the 1980s. House prices soared; most voters did not notice that their apparent gain was largely the product of inflation. Increases in property values were more apparent than real. When Mr John Major became prime minister he set himself the creditable task of reducing inflation. He has succeeded, but at the cost of prolonging the recession and attracting the opprobrium of Conservatives who were previously enriched but now see themselves as the victims of the government they put in office. Yet no prime minister who sought to conquer inflation could have done anything different.

Dismal ratings

This explanation of Thursday's election results is fine so far as it goes, but it is not the whole story. According to a Gallup poll in yesterday's Daily Telegraph, Mr Major presides over the most unpopular government since 1945. His approval rating has fallen below 20 per cent for the past seven months in a row. This is a worse score than that recorded by

priming can only be a convenient excuse for a baffled administration, not a plausible reason for economic sluggishness.

Rather more plausibly, the president responded to the latest index of leading indicators by arguing that it reinforced the case for enactment of his deficit-cutting bill. This package might help reduce long-term interest rates, or at least keep them as low as they already are. But the modest scale of Mr Clinton's proposed deficit reduction means that their enactment would not make all that much difference.

What seems to have been affecting the US economy most is the recession abroad. Last year US exports defined recessionary forces, growing at a real rate of about 6 per cent. But in the first quarter they contracted at an annual rate of 7 per cent relative to the fourth quarter.

European recession

Given the combination of domestic recession with a current account surplus in the year to March at \$128.1bn, which is also about 3 per cent of GDP, Japan is already under strong US pressure to boost its economy still further. Its close political and economic relationship to the US ensures that Japan is likely to yield to that pressure, however reluctantly.

While this would give the US a part of what it wants, there is still the little matter of the European recession. France has managed to lower its interest rates, as credibility of the franc party has increased, but the pace of Germany's monetary easing remains glacial. This week the six German official research institutes called for faster reductions in interest rates. They believe that their forecast of a 2 per cent decline in west German GDP between 1992 and 1993 justifies a firmer step on the accelerator. The Bundesbank remains unpersuaded.

Fortunately for Mr Clinton, the US economy is not that obviously beleaguered. He is fortunate because there is little he could do about it. US exports depend on the whims of the foreign exchange markets and recalcitrant foreign powers, such as the Bundesbank. US domestic sales depend on his fellow citizens and equally recalcitrant powers, like the Federal Reserve and, above all, Congress. Mr Clinton is learning the same lesson as Mr Bush. The president's responsibility for the fate of the US economy is as burdensome as his ability to change it is small.

English voters have taken their revenge on the government, says Philip Stephens

No hiding place for Major

Mr John Major should not be too surprised. For nearly a year his government has been tearing itself apart over something called Maastricht while the rest of the country endured the ravages of the recession. The voters were bound to take their revenge.

But after one of the worst nights for a Tory government in living memory, that will be scant consolation for his embattled administration.

The prime minister's fragile political authority has suffered another blow. His party shows every sign of panicking. It was not only his enemies who were using words like "dreadful" yesterday.

The losses were much heavier than even the pessimists in Downing Street predicted. The 33 per cent fall in the Conservative vote in Newbury was the largest the party had suffered in any by-election since the second world war. A Liberal Democrat majority of, say, 5,000 would have surprised few. The 22,000 margin won by Mr Paddy Ashdown's party was a shock.

The government's paper majority in the House of Commons has been reduced to 19. The fractious mood among the malcontents and the disenchanted on the Conservative backbenches means that in reality it cannot rely even on that.

The county council elections reduced the once-Tory shires to the Tory shire. Essex man and woman have had enough. So, too, have their tweed-suited counterparts in the English heartlands of Surrey, Berkshire, Hampshire and Sussex.

It may well be that in two years we will look back on the result as a classic mid-term aberration: a protest vote by a badly bruised electorate rather than a declaration that it intends to boot out the government in the subsequent general election.

There are crumbs of comfort for Mr Major. The resurgence of the Liberal Democrats - a triumph for Mr Ashdown after a year in the wilderness - was a potent reminder of how the Conservatives may still profit from a divided opposition.

His most immediate problem is to restore an appearance of authority.

The collapse of the Labour vote in Newbury to the lowest recorded in any constituency for more than 50 years may have been a predictable by-product of tactical voting. But a respectable showing in the shire counties provides little evidence that Labour has re-established its claim as a government-in-waiting.

So the national and local results have rekindled speculation that the two main opposition parties will be driven inexorably towards some kind of pact at the next general election.

Mr Ashdown, taking full advantage of his party's return to the political sunlight, is already speaking of the need for a change in the "culture" of opposition politics. The habit of co-operation at local level will strengthen its case.

The message will not be lost on those in Mr John Smith's shadow cabinet who are seeking an informal deal with Mr Ashdown is vital to avoid a fifth consecutive general election defeat. But for all the inevitable speculation, there is no sign yet Mr Smith is ready to give up his hope of winning alone. If there is to be another Lib-Lab pact it will be born of opposition desperation not of Tory defeat.

The economy is on Mr Major's side. Scalded by their misplaced trust in April 1992, the electorate declined this week to believe that a vote for the Conservatives on Thursday would underpin economic recovery on Friday. But by any objective analysis the recession has ended. It is a fair bet that six months from now, voters will feel a great deal more comfortable; and Mr Major is only one year into the parliament.

But the hope that history will take a kinder view of this week's humiliation will not make life any easier for him in the short term. It is just possible - not yet probable - that the rout could be the catalyst for another loss of collective nerve for the Tory party. If that were to happen, the prime minister's own position would be questioned.

His most immediate problem is to restore an appearance of authority.

His government's strength is being sapped by the continuing battle over the Maastricht treaty.

Downing Street is probably right when it claims that the latest climb-down over the social chapter will not in the end disrupt ratification of the treaty. But the threatened legal challenge from Tory Euro-sceptics will keep open the wound.

Mr Major can no longer escape the pressure for the radical shake-up of his cabinet which he has avoided since the debacle last September of sterling's exit from the European exchange rate mechanism. In recent weeks, only Mr Douglas Hurd has stood out as a figure of calm authority.

Mr Norman Lamont's hold on the chancellorship looks more precarious than ever. His characteristically irreverent comment during the Newbury campaign - *"Je ne regrette rien"* - has come back to haunt him.

The prime minister has not made up his mind about a reshuffle. Until yesterday his inclination was to avoid one. He will be careful not to be seen to be stamped into instant changes. But his friends believe the risks of keeping on Mr Lamont now outweigh the threat that the chancellor might not go quietly. They want a late July reshuffle.

Those looking at potential successors should add Mr Malcolm Rifkind to the list of names at present headed by Mr Kenneth Clarke and Mr Michael Howard.

Whatever he decides, Mr Major must also confront a more fundamental problem. The government's authority will be restored only when he establishes the identity which has so far eluded it. What is Majorism? Until it is answered it remains a dangerous question for the prime minister.

The mix of free-market economic orthodoxy and caring Conservatism which he offered at the general election has been lost in the recurrent crises of the past year. A catastrophic increase in public borrowing has driven him to contemplate an assault on the welfare state that



and Lady Thatcher shunned.

But his promise yesterday to listen to the electorate must push him in another direction. Resentful voters cannot be expected to greet with enthusiasm cuts in state pensions or benefits provision or the introduction of new charges in the National Health Service.

Nor do the promised privatisation of British Rail or the deregulation of London's buses seem likely to persuade voters that Mr Major represents the kind face of Thatcherism.

His friends believe that the government will now have to rethink its agenda - starting with the legislative programme for next year. The prime minister needs to reassess his image as an instinctively centrist leader. A starting point might be to

Democrats, and does not dispute their right to govern.

Labour will make up its mind on individual issues, but Mr Pugler said: "There is no difference between us and the Liberal Democrats on the most important things, such as the provision of social services, schools, the environment and the maintenance of roads."

Lib-Lab arrangements of different kinds might also arise in counties where the Liberal Democrats have replaced the Conservatives as the largest party, such as Norfolk, where they lost overall control for the first time since 1988. Labour is talking to the Liberal Democrats about opposition to the closure of village schools, rural policies, and applications for EC aid. Their hopes of engineering a change in county policies are high.

Sharing out the spoils

John Authers says councillors will learn to co-operate

The Liberal Democrats hope that the results will usher in a coalition style of local government along European lines, while Labour describes speculation about "Lib-Lab agreements" as "basically legitimate". Mr Andrew Stunell, political officer for the Liberal Democrat Councillors, said: "There will be a number of Labour politicians who are having to come to terms with what it will be like if we have a reformed constitution based on proportional representation. It's the norm in the rest of Europe."

Party leaders will look for support generally on an issue-by-issue basis. This is the approach of Mr David Rogers, leader of the Liberal Democrats in the hung council of East Sussex, formerly Conservative. He does not expect any formal arrangement.

He made clear that the chances of an informal link with Labour were high: "The Conservatives' credibility as a member of the administration has been damaged."

Mr Ken Bodfish, the Labour leader in East Sussex, seems to

have similar priorities. He says his responsibility is "to ensure that there is a non-Tory county council", where the Tories still form the second-biggest party.

This sentiment is echoed in other hung counties where the Liberal Democrats have replaced the Conservatives as the largest group. In West Sussex, Labour leader Mr Arthur Pugler foresees a return to the non-partisan days when the council was run by independents. He has no intention of entering into a formal pact with the Liberal

MAN IN THE NEWS: Peter Wood

A cuckoo big enough to fly the nest



Its advantage comes from technology, of which Mr Wood is a master. Direct Line's information and management systems have helped it cut costs over its rivals. Computer software helps ordinary telephone sales workers to make decisions, thereby saving on more senior underwriters and middle-managers. Mr Wood developed his technical skills at Lloyds of London, where he became head of European data processing operations at 25 - and at Alexander Howden, the insurance broker.

Mr Wood's acerbic view of the industry spreads to critics of his salary. "They are only moaning minnies who do not know what they are talking about," he says.

One enigma to outsiders is what he does with his money. He lives well but relatively modestly with

his wife and five daughters in Surrey, drives an 8 Series BMW and devotes much of his spare time to tennis, which he is said to play well, and intensely. His regular partners include Cliff Richard, the pop singer and entertainer, and Sue Barker, the former Davis Cup star.

Yet insurance industry insiders do not regard his lack of flashy spending as a mystery. For Mr Wood could eventually have a good use for his money. This stems from his unusual relationship with Royal Bank of Scotland, at which he can appear out of place. Mr Wood is hardly the grey, stolid manager whom banks have traditionally groomed for senior jobs.

Royal Bank initially gave Direct Line backing of £25m, and has since built its capital to a total of £90m. The more Direct Line starts to look like a bank in its own right, the more investors will question when the cuckoo in the nest will fly away. Some of the bank's managers point out that the decision on whether Direct Line will go solo is not Mr Wood's, and that if he left, the bank would retain the company's name and its assets. But this may be to overestimate the value of the Direct Line brand without Mr Wood's direction.

Lord Younger makes soothing noises about such speculation, and about whether Mr Wood is out of place in a bank. "He might not have fitted 10 years ago, but he fits very well with what we are trying to achieve now," he says. He is adamant that the bank deserves to reap the rewards of Direct Line through continued earnings since it found the original capital.

Mr Wood says he is happy to be part of the bank, but the idea of a split does not seem to worry him.

"It would cost them an awful lot of money to get rid of me," he says. He could have saved a lot more by the time it came, enough perhaps to start another business with his own capital. There are other industries which he could yet shake up.

John Gapper and Richard Lapper

Swept apart by the torrent

Western policy towards Bosnia is in disarray, write Jurek Martin and Robert Mauthner

The Bosnian conflict has seen many unexpected and contradictory developments since it began more than one year ago. But few of them have been quite as dramatic or significant as those of the past week when the peace agreement brokered by Mr Cyrus Vance and Lord Owen was first signed by the Bosnian Serb leader, Mr Radovan Karadzic, and then rejected by his self-styled "parliament" a few days later.

Those successive events appeared first to vindicate the proponents of a diplomatic solution of the Bosnian problem, like Lord Owen himself and members of the European Community, and, subsequently, to strengthen the arguments of those advocating military measures. Like the US.

They have, not surprisingly, had a profound influence on the discussions held over the past week by Mr Warren Christopher, the US Secretary of State, in the main western European capitals and Moscow, but have left western strategy in a state of considerable disarray.

Mr Christopher's mission to Europe had a two-pronged objective: to co-ordinate western and Russian policy on the implementation of the peace plan and to bring them "on side" for military measures under the umbrella of the United Nations, if the peace plan, already approved by the Bosnian Croats and Moslems, was not endorsed by the Bosnian Serbs.

Success on the first point was more easily achieved than expected. The US offer to contribute about one-third of the 70,000-strong Nato-led international force opened the way to promises of substantial pledges of troops from Britain, France and, not least, Russia.



Under fire: only President Milosevic has the clout over the Bosnian Serbs to bring them to heel

Pinning down the European allies and Russia on military measures, in case the peace plan was rejected by the Bosnian Serb assembly, was altogether a more tricky task. The allies wriggled as much as they could, while doing their best to avoid giving the impression of a serious rift with Washington.

They did not rule out tougher measures, possibly in the form of air strikes, but insisted that further consultations would have to be held before any decision to embark on such a course was taken.

These differences did not matter so much as long as they referred to a hypothetical situation. They have become much more of a threat to a united western front and, indeed, US-Russian relations, assemble.

routes from Serbia to the Bosnian Serbs, except for food and humanitarian supplies, will plug a big hole in international sanctions. It is also clear that the move is likely to rule out the bombing of one of the obvious targets for air strikes, the Bosnian Serb supply routes. Will the US want to go ahead in these circumstances?

For President Bill Clinton, who is expected by the international community to take a leading role in the Bosnian affair, the dilemma is painful. It sometimes seems that fate deals unkindly with Democratic US presidents. Woodrow Wilson, FDR, JFK and LBJ, even to a lesser extent, Jimmy Carter, all found themselves sucked into foreign vortexes when they wanted to do much more at home.

In the case of Mr Clinton, perhaps more than any of the above, there is an especially bitter irony. Not four months into office, elected to put the

domestic house in order and with no known desire to be tested in the crucible of battle, this first post-Cold War president finds himself standing on the brink of a military engagement in a distant part of the world ruled by medieval passions, which are the antithesis of everything this modern man stands for.

At stake for him is not only his own credibility as leader of the world's sole remaining superpower, but that very domestic agenda by which he puts so much store and which already is proving such a struggle to implement. For if Vietnam killed off the Great Society and the last World War brought an end to the New Deal, so can Bosnia prove a dagger into the heart of the many programmes that he used to call the New Covenant.

As Mr Anthony Lake, his national security council adviser, said yesterday, conflict is still "avoidable." Mr

Clinton has decided what he would do, but not yet to do it. Linking up the European allies and Russia remains an incomplete and fraught process. But, perhaps more important than anything, the president still has to prepare his domestic audience for the fateful step of overseas military engagement. Put simply, his country needs to know "why".

The common denominator in US opinion is that there are no good options in Bosnia. Yet, as Mr Thomas Foley, the Democratic Speaker of the House, frequently says, there is "an overall presumption" based on precedent, that if Mr Clinton goes to Congress and asks for authorisation to use force he will get it. President Bush did so for the Gulf War and President Johnson for Vietnam, even after intense debate.

But, political wisdom also runs, Mr Clinton must first make the case for action, which he has yet seriously to

Louise Kehoe on Levi Strauss's decision not to invest in China
Bold fashion statement

Levi Strauss blue jeans may be an even more widely recognised symbol of American values than the stars and stripes. Sticking to values that reflect freedom and democracy is a top priority for the 149-year-old San Francisco company, which has been making denim pants since the California gold rush – even if it means sacrificing profits.

This week, Levi, the world's largest apparel manufacturer with sales last year of \$5.6bn, said it had decided not to make direct investments in China and to terminate contracts with Chinese clothing manufacturers, because of what the company called "pervasive violations of basic human rights".

The decision coincides with the debate in Washington over continuing China's most favoured nation trading status, and has fuelled the arguments of those seeking human rights concessions from China. However, the company insists that it is not trying to influence the political process or gain publicity.

The partial withdrawal from China – where Levi continues to buy cloth and other supplies – is the latest result of a study of the company's manufacturing contractors outside the US to determine whether they comply with the strict ethical guidelines adopted last year.

Levi has already pulled out of Burma, and terminated 5 per cent of its more than 600 contract manufacturers in 50 countries, as well as demanding that a further 20 per cent improve conditions.

In an industry noted for sweat shops and abuses of workers' rights, Levi has earned a reputation as a good employer in the US. Its labour relations are "among the best in the industry", according to the Amalgamated Clothing and Textile Workers' Union. Yet like most US apparel makers, Levi has shifted an increasing proportion of its production to contract manufacturers overseas in recent years to cut costs. Concerns about conditions in foreign factories led to the adoption of the guidelines.

"As we expanded our operations to more diverse cultures and countries, we felt that we needed to set standards to ensure that our products were being made in a manner consistent with our values, that would not be damaging to our brand image," says Bob Dunn, Levi vice-president and a member of the team of managers which compiled the criteria for selection of Levi contractors.

Levi's "terms of engagement" for contractors cover environmental requirements, health and safety of workers and employment practices. Levi states that it will not do business with contractors who use child labour or prison labour. Working hours are limited to 60 per week and wages must at least match local standards.

Recognising that in some countries working conditions are beyond the control of individual contractors, Levi also drew up a list of criteria for "country selection", which

Royal Ballet in decline

From Mr M D Varcoe-Cocks.
Sir, in his piece on the Royal Ballet's Don Quixote ("A Don without redemption", April 22), your ballet critic Clement Crisp has written the most devastating review of a production by a leading company that I have ever seen.

As a regular – but ever less regular – visitor to the Royal Ballet since 1968, I believe this production is a crowning confirmation of the shameful slide in the company's reputation. I have friends in several foreign companies who routinely go to performances by other companies as they travel the world but who consider a visit to the Royal Ballet a waste of time. I am encouraging them to see the new Don Quixote but for all the wrong reasons.

The miserable paucity of the repertoire and the pitifully unimaginative choice of choreographers make the current Royal Ballet the also-rans of the ballet world. That audiences are close to full capacity is no indication of high standards. If New Yorkers can fill 7,000 seats at two London Centre theatres in one evening, it should not be difficult to fill Covent Garden's 2,000.

During the next 10 days my travels will give me the opportunity to see the Royal Danish Ballet, the Royal Swedish Ballet, New York City Ballet and American Ballet Theater. I confidently expect that each of these performances will contain more drive, enthusiasm, style and varied repertoire than the last five years at Covent Garden put together.

The Royal Ballet used to be a national treasure and in most other countries would be treated as one. This week's announcement from Covent Garden that there will be more opera performances and less ballet (with an even duller repertoire), simply because opera tickets bring in more money, is final proof that the ballet company is considered a very poor second to the opera company and that artistic achievement is less and less important.

Michael D Varcoe-Cocks,
5 Brackenbury Road,
London W6 0BE

Workers in eastern Germany have mixed emotions about their current industrial action, writes Judy Dempsey

A striking difference across the picket lines

I suppose we have no choice," said Wolfgang, a 55-year-old stevedore. Until last Tuesday, he had been clocking in since 1953 at the Neptune shipyard in Rostock, north-eastern Germany. Then the word came from IG Metall, Germany's powerful engineering union, that the workers, who had already been balloted, were to start an indefinite strike in support of higher wage claims.

"We have to trust Steinkühler," he added. Franz Steinkühler, head of IG Metall, is staking his reputation on the outcome of a strike in eastern Germany, the first for more than six decades. He wants the employers to reinstate a contract which would this year have given eastern German metal, engineering and steel workers pay rises of more than 20 per cent, and which would have equalised eastern and western wages by next year. The contract, which was signed in March 1991 between the employers, IG Metall and east German factory managers, was cancelled by the employers in March this year because of Germany's deteriorating economic situation.

"It's difficult to tell you how I feel," continued Wolfgang. "I have never been on a strike before. They were banned. Steinkühler says that we might as well strike anyway so that even if we lose our jobs we might win higher unemployment money."

Steinkühler, a colleague who started work at Neptune 15 years ago, at the age of 27, expresses greater doubts about the wisdom of the strike. "I don't want to be without a job and remain at home," he says. "My wife

has lost her job in a factory. She is now depressed. She sits at home all day. I don't want to end up like that. I want work, not broken promises."

Both men earn DM1,500 (£307.00) a month after tax – about half the average in western Germany. They each spend about DM350 on rent. "The money does not go far enough. We pay western German prices for most things – petrol, cars, phones, utilities, household goods. We cannot live on what we earn," says Wolfgang.

Both men feel confused about the goals of German unification. "Kohl promised jobs, a better life, real unification. But look what has happened," says Heinrich. "The Treuhänder [the agency charged with privatising eastern German industry] has either shut down almost everything along the Baltic, or else has completely cut back the workforce."

Neptune used to have 7,500 workers before 1989. Now there's only 1,200. I get up every day thinking I might be the next one without a job. It's very frightening. We never had to think like this before. Maybe Steinkühler is right. He says we have nothing to lose if we go on strike because he says we are going to lose our jobs anyway," he added.

Wolfgang dismisses the argument advanced by employers that low wages will attract outside investment and increase the competitiveness in the region. He believes IG Metall's message that if eastern German workers accept lower wages they will have condemned themselves to second-class status. "IG Metall says a low-wage economy would amount to exploitation, that we would be treated

as second-class citizens, with a second-class economy, and as the poor eastern German cousins. We would never catch up with western Germany," he adds.

Down in the southern parts of eastern Germany, the heartland of the region's heavy industry which has borne the brunt of factory closures, workers are similarly confused about the aim of the strike.

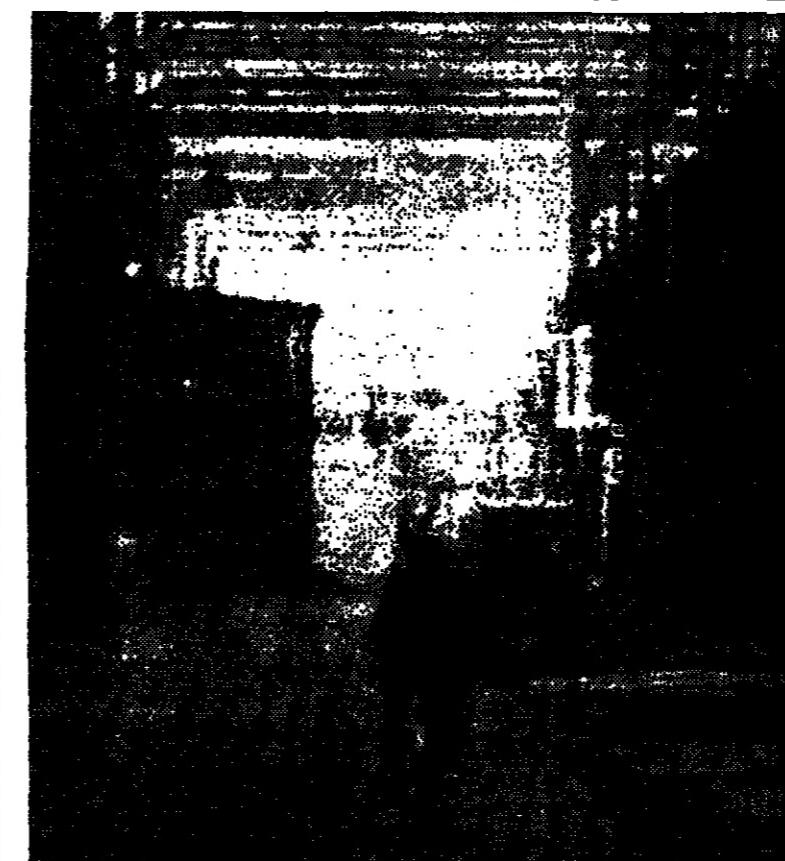
Maria, who is 50, used to work at a local chemicals factory, just outside Leipzig. She now sells souvenirs in the Nikolai church, the meeting place of the opposition groups which helped bring about the fall of the Berlin Wall in November 1989.

As the strains of a Bach fugue echoed through the church, Maria explained her opposition to the strike. "We – the ossies [easterners] – have no say. It is not we who are organising the strike. The wessies dominate the unions and the employers groups here. It was here, in this church, where we found our voice in 1989. Today, we have no voice." What bothers Maria most is that the "ossies" are not trusted.

"When we speak out, even about the strike, they (western Germans) patronise us by reminding us of our past, and how much money western German taxpayers are spending on eastern Germany."

Some of Maria's nieces and nephews have already migrated westwards. "They don't want to come back. They don't know what to do about the place where they were born. They hardly send a postcard," she says.

But Manfred, a good-humoured 23-year-old young construction worker,



Strike-breaker in east Germany: workers are uncertain about benefits of action

decided to stay. "I used to work in a machine tool factory near Leipzig. It is now closed. I thought about leaving. But this is my home. I found work. Had the union asked me to strike, I would have said No. What gets me is that the union says we should have the courage to strike. Why? To help the employers and unions play out some stupid power game here in eastern Germany? The wessies will soon start blaming us for the strike. They have organised it. Not us."

The feeling that the east Germans have not been able to voice their real feelings about the strike was echoed by Horst, 32, who lives in east Berlin. "I am very angry about the strike. It will deepen the psychological gap between the two Germans. We have to build this country together. Sometimes I think Steinkühler wants to keep us divided. We don't need a strike and further job losses. We need success stories. Our self-confidence would grow. We would find our voice. Then we might be treated as equals."

Unlike many of his friends who commute to west Berlin, or western Germany, Horst borrowed money and set up an electronics store not far from Checkpoint Charlie. "Don't talk to me about Steinkühler and his boys. What are they trying to do to us?" asks.

"I am very angry about the strike. It will deepen the psychological gap between the two Germans. We have to build this country together. Sometimes I think Steinkühler wants to keep us divided. We don't need a strike and further job losses. We need success stories. Our self-confidence would grow. We would find our voice. Then we might be treated as equals."

Care on African debt relief

From Mr Karl A Ziegler.

Sir, Oxford's overseas director, Stewart Wallis ("Africa needs new economic discipline", April 6) would be better off continuing to encourage private donations in support of Oxford's excellent famine-relief and other developmental work in Africa.

The charity is right to expose failed public-sector strategies; but compounds the problem by urging Group of Seven nations to throw more money and unconditional, debt forgiveness at once corrupt and unaccountable ruling élites.

After recent elections in Angola, Liberia, Ghana, Zambia and Kenya, most government officials have not

improved their moral behaviour.

Transparency and accountability are still absent.

Flight capital represents up to

80 per cent of national GDPs,

according to most recent World Bank statistics.

G7 nations should link

long-term amortised debt for-

givenness with demands for

rigorously monitored, ongoing

accountability by African gov-

ernments. Forgiving the debts of miscreant ruling élites will not help Africa's poorest peo-

ple.

Karl A Ziegler,

The Centre for Accountability

and Debt Relief,

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fee 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please see fax for finest resolution

Schools must be subject to short external tests

From Lord Skidelsky.

Sir, Professor Paul Black's letter ("Effective learning and accuracy in school tests", May 4), written in reply to my article on testing (April 29), convinces me I was right to call the Black Report on Assessment and Training (the TGAT Report as it is known) "utopian". Prof Black writes that "short external tests are likely to give unreliable results". This is simply not true. However reliability is

defined, many standardised number and literacy tests have very high reliability ratings. There is always bound to be a small element of misclassification. But would he not accept that the Black Report on Assessment and Training (the TGAT Report as it is known) is correct? Isn't that what has happened to the government's tests?

My conclusion stands: let teachers test as they please, according to Prof Black's principles if they wish. But let them be "short external tests" to measure the performance of schools.

Robert Skidelsky,
Social Market Foundation,
20 Queen Anne's Gate,
London SW1 9AA

sooner rather than later may cast a cloud over the Temple but UK taxpayers will benefit from the silver lining. At least another £20m will be saved and there is even a prospect of a return of £3.6m!

David Lang,
6 Cornwall Road,
Dorchester, Dorset DT1 1RT

in cloud-cuckoo land. Since Wigan made it their second home in the mid-1980s, it has been a sell-out. We don't need to be patronised by southern-based Union supporters with a hankering for our highlight.

If Hopkins thinks he could get consolation at Wembley's Rugby League final for failing to get to Twickenham he is

14,752. Other clubs regularly exceeding the 6,000-8,000 gates mentioned by Hopkins, are Leeds, with an average of 11,827 spectators and St Helens, 8,951.

If Hopkins thinks he could

evening, it should not be difficult to fill Covent Garden's 2,000.

During the next 10 days my travels will give me the opportunity to see the Royal Danish Ballet, the Royal Swedish Ballet, New York City Ballet and American Ballet Theater. I confidently expect that each of these performances will contain more drive, enthusiasm, style and varied repertoire than the last

Institutions dissatisfied with recent performance

Management changes sought at Tiphook

By Angus Foster

TIPHOOK, the transport rental company, is under pressure from institutional shareholders to make a number of changes to the way the company is managed.

Some institutions, disappointed by the company's recent performance, are pushing for the appointment of stronger non-executive directors and are suggesting the separation of the roles of chairman and chief executive, presently held by Mr Robert Montague, the company's founder.

Mr Montague and Mr Roger Braithwaite, finance director, are due to fly to the Middle East on Tuesday to discuss these and other issues with the company's largest shareholder, the Abu Dhabi Investment

Authority, which holds 9 per cent of the shares.

They are then due to meet with Tiphook's largest UK institutional shareholder, Scottish Amicable, with 5 per cent on Friday.

Tiphook will also be asked to change its remuneration policy for top directors. Some shareholders are concerned that last year's remuneration for Mr Montague and Mr Braithwaite, of £842,000 and more than £500,000 respectively, are too high for a medium sized company outside the FT-SE 100.

Tiphook has four non-executive directors on its nine-man board, including Sir Charles Powell, former private secretary to Mrs Margaret Thatcher.

According to stock market analysts, institutional shareholders have been concerned

about Tiphook's trading performance and volatile share price since the company's rights issue in 1990.

So far this year, TSB, Fidelity and Garments have each reduced their shareholdings to below 3 per cent. These shareholders have been replaced largely by US investors, who now hold at least 18.7 per cent through an ADR facility.

Some UK institutions have raised the issue of corporate governance with the company in the past, but concern mounted following a profits warning last week. One large shareholder was annoyed that news of the warning may have leaked out into the market early. This led to allegations of insider dealing, which the Stock Exchange is now understood to be investigating.

Treasury expands defences to insider dealing charges

By Richard Waters

NEW LEGAL defences against the charge of insider dealing have been drawn up by the Treasury to ease City fears that legislation would interfere with the normal workings of the financial markets.

However, there will be no changes to the legislation following the conviction of Mr Thorold Mackie, the Scottish analyst found guilty of insider dealing in March. The case prompted fears among other analysts that they were open to conviction for passing on information given them by company directors in the normal course of their jobs.

The proposed new legislation, prompted by the EC's Insider Dealing Directive, is due to enter committee stage in the House of Commons

within two weeks. Earlier drafts met with widespread criticism in the City, prompting the Treasury to rewrite the proposals at least once.

The latest draft, due to be sent to trade associations and others in the City yesterday afternoon, expands the range of defences in the bill.

It is intended to offer greater protection to City professionals whose normal activities would have fallen foul of what was previously a widely-drawn bill. Underwriters in particular feared they could be open to prosecution.

Parts of the legislation have been reworded to make it clearer, and more detail has been included to define more precisely what would constitute insider dealing. Financial institutions had been concerned about when informa-

tion had been "made public", taking it outside the scope of inside information.

An official said the Treasury had scrapped its plan to publish guidance on what "made public" meant, and had instead decided to include a definition in the act.

In future, it will include all announcements made to the financial markets in compliance with an exchange's rules, as well as information which is "readily accessible to investors."

Referring to the position of brokers' analysts, the official said: "This legislation is substantially identical to our current law. In private meetings, you should not give out price sensitive information. If you're in any doubt the prudent thing to do is to ask."

See Lex

GPA to ask bondholders for debt repayment moratorium

By Roland Rudd

GPA GROUP is to formally ask its bondholders on Thursday for a moratorium on debt repayments and the need to swap more than \$2bn (£1.2bn) in unsecured debt into equity.

The troubled aircraft leasing company was yesterday granted a further temporary waiver of breaches on its banking covenants until May 17, when more than \$50m of bonds mature.

Lenders to the group, which has debts of more than \$5.5bn, said a refusal by the bondholders to grant the moratorium on debt repayments would bring the option of examination, the Irish equivalent of administration, one step nearer.

The bondholders meeting is being organised by Donaldson, Lufkin & Jenrette, the New York brokerage house in the US, where most of the bondholders are based.

DLJ has already held informal meetings with some of the unsecured debt holders.

GPA's advisers believe the bonds have been resold many times since the original bond issue was launched last year.

One of the group's main lenders said: "The problem in organising bondholder talks is that by now dentists and doctors in Oregon hold GPA bonds."

However, DLJ is confident that it has identified the biggest bondholders, which include Cigna Corporation, Putnam Management, the mutual fund group, and IDS Financial Services.

Some of the bondholders have had talks with Lazard Frères about their restructuring options, which centre on a debt for equity swap.

While GPA's banks have all but given up hope of raising new equity through the convertible preference share issue, they are still hoping for a "white knight" to emerge if the

bondholders make concessions.

In a separate move, GPA announced it had already promoted Mr Patrick Blaney, chief operating officer, to its main board five weeks ago.

Lenders to the group, which have been concerned that a split could occur between middle management, which is effectively running the business, and senior directors involved in the restructuring, welcomed the move.

Warburg in talks over Zeneca rights price

By Paul Abrahams

SG WARBURG, the global co-ordinator for the rights issue for Zeneca, Imperial Chemical Industries' bioscience business, is testing the market with a rights price of about 600p.

Opinions differ whether investors would be willing to accept that price. It implies the £1.3bn issue would be on a 1-for-3 basis. If Warburg can only achieve a lower price the issue could be on a 3-for-10 basis.

Warburg was unable to comment. However, it is understood the merchant bank was actively talking to potential underwriters before the pricing of the issue next Wednesday.

The bank's difficulties were compounded this week by the announcement that the US healthcare reforms would not be revealed until the middle of June.

The industry had expected the reforms to be announced during the third week of May. Official trading in Zeneca's shares starts on June 1.

The mixed economic indicators coming from the US, where more than 40 per cent of Zeneca's speciality businesses are based, have also upset forecasts for the group's results.

"Given the uncertainty, this deal will need a substantial discount," says one broker.

Mr Charles Lambert, chemical analyst at Smith New Court, explained: "It's clear 600p is too high. The dilemma is trying to work out the size of the discount. If it's at the conventional 20 per cent, then it values Zeneca at an ex-rights price of £7.20, which would be far too high. We reckon that the rights price should be about 530p and an ex-rights price of 630p."

However, some brokers believe the 600p rights price is acceptable. One estimates that would imply an ultimate yield of 5.9 per cent, better than the market average of 4.8 per cent.

"We aim to fundamentally change the investor profile of the market. It is the nearest thing to selling shares in Lloyd's," said Mr Wade, who will be chief executive

Tears and cheers greet decision and chairman considers his future

C&J Clark rejects Berisford offer

By Maggie Urry
in Shepton Mallett



Walter Dickson, expressed doubts about alternatives to the sale

SHAREHOLDERS of C&J Clark, the private shoe company, yesterday voted narrowly against proposals to sell the business to Berisford International for £184m.

Instead shareholders have been promised a new board structure, a shareholders' council and a flotation within five years.

At an emotional meeting held in Shepton Mallett, Somerset, over 300 of debate over the ownership of the group ended with 34.1m votes in favour and 37.8m against the resolution to sell.

The result was greeted by tears of joy and cheers as shareholders of the 168-year-old company embraced each other.

Mr Walter Dickson, chairman of Clark, said: "The board will now work towards achieving agreement on how best to take advantage of the great strength of its brands and people." He added he would be considering his own position over the weekend.

Shoes, the acronym for opponents of the sale, found itself on the other foot, now supporting the new plans. It said: "This is a vote for the future of Clark's and its flotation in due course."

Ms Harriet Hall said Shoes had no interest in delaying the implementation of a new corporate structure. Mr Hugh

Pym, also of Shoes, added: "We hope that all shareholders can now work together."

The toe-to-toe arguments took place in the less-than-dramatic surroundings of an agricultural hall on The Royal Bath and West of England showground at Shepton Mallett against the backdrop of riot police and their dogs training and tractors trundling by.

Inside the hall about 600 shareholders, many of them fifth generation members of the founding Clark family, debated the proposals. Outside family members put aside their disagreements and picnicked in bright sunshine.

Last night Mr Bowkett, chief executive of Berisford, said he was saddened that Clark had not accepted the Berisford proposal.

The deal would have been the first acquisition for Berisford's new management team. Mr Bowkett said the company was in discussions with a number of other parties and attention would now focus on these.

During the meeting debate centred on whether Clark could remain independent and bring to an end the disagreements between shareholders which have hampered the business. Those in favour of the bid, which was recommended by seven of the 11 directors including the chairman, said the Berisford was the only certain solution to the company's problems.

Opponents put forward plans for a shareholder council to direct the board on important financial matters and a flotation within five years. Mr Dickson said the ideas were "excellent in principle but I do not believe they represent a certain alternative to the Berisford proposal".

See Lex

Limited liability plan for Lloyd's Names

By Richard Lapper

SEDWICK Group, the insurance broker, is backing an initiative to attract new investors to the Lloyd's insurance market.

Sedwick is joining forces with Mr Michael Wade, the former chairman of brokers Holman Wade, to form Corporate Lloyd's Membership (CLM), a joint venture company which will offer individuals, either directly or through other investment vehicles, the opportunity to invest at Lloyd's on a limited liability basis.

"We aim to fundamentally change the investor profile of the market. It is the nearest thing to selling shares in Lloyd's," said Mr Wade, who will be chief executive

of the new company.

The scheme follows hard on the heels of the Lloyd's business plan last week, which outlined the terms on which incorporated Names can participate at Lloyd's.

Mr Wade said CLM hoped to form at least one investment fund which would be incorporated as a Name and trade with a range of syndicates.

Matters would become clearer after Lloyd's publishes more detailed regulations in the summer.

"We want to attract a wide range of people ... from those who buy PEPs to millionaires," said Mr Jim Payne, the Sedwick executive who will be vice-chairman of the new group.

Mr Payne said CLM was also keen to attract many Names who had resigned

from the market because of concern about their unlimited liability for losses. "Many people have lost their nerve in the last five years."

Although no figures were made available, the funds would be of a significant size. "We are not talking about £10m or that sort of level," said Mr Wade.

Sir Peter Parker, the former chairman of British Rail, will chair the new company. Earlier this year Sir Peter and Mr Wade resigned from their positions at Holman Wade, which specialised in providing stop loss insurance.

The new company will work closely with Sedwick Lloyd's Underwriting Agents, the Sedwick members' agency which handles the affairs of individual Names.

OGC flotation and placing give £78m valuation

SHARES offered in the flotation of OGC International, an Aberdeen-based contractor which provides construction and project management services to oil and gas companies in the North Sea, have been priced at 130p, writes Andrew Bolger.

This gives the company a market valuation of £78m. A total of 24m ordinary shares,

representing 40 per cent of the company, are being sold. Half will be firmly placed with institutions, and half offered to private investors.

Last year a surge of investment in new platforms helped OGC to make pre-tax profits of £10.5m on sales of £236.5m.

After the flotation, which is being sponsored by UBS, the UK company will receive pay-

ment of a £5m inter-company loan from Fairhaven, the parent, which will leave OGC with net cash in its balance sheet.

The offer closes on May 19 and dealing is expected to begin on June 1.

● **COMMENT**

This offer has been keenly priced, but that is partly an attempt to woo institutions,

who do not like to buy into businesses controlled by other companies. OGC has a good track record and offers an unusual opportunity to invest directly in the North Sea, but the fact that it is controlled by Mr Olsen's Bermuda-registered company will put some investors off. Fairhaven has promised not to sell any more shares for two years, but might

be willing to see its stake diluted through paper issued for acquisitions. The scale and "lumpiness" of North Sea work can make activity levels erratic, but the impressive management team claims never to have lost money on any contract. Removal of the Fairhaven factor could, in the longer term, lead to a significant uprating.

SBC agrees BAT cash option

By Andrew Bolger

THE LATE intervention in BAT Industries' enhanced scrip dividend scheme by Swiss Capital Corporation will now lead to all shareholders receiving a higher cash alternative than originally proposed by BZW, the company's brokers.

BZW and SBC agreed last night that shareholders who elected for cash would receive 33.2p per scrip share, a discount of only 2 per cent to the full value of the scrip.

BZW will "pass through" those cash elections to SBC, which will pay the higher price of 33.2p. SBC only made its offer on Wednesday, and it has taken desperate efforts by law

to find a way of benefiting those shareholders who had already made supposedly "revocable" elections for the BZW cash offer.

BAT shareholders must communicate their decision on the scrip by Tuesday, and many of the 150,000 shareholders have already made elections.

Under the original scheme, formulated by BZW, BAT shareholders were offered a scrip dividend of 33.9p, a 50 per cent discount to the cash dividend of 22.6p announced on March 10.

At the time BZW said shareholders who wanted cash could take an alternative to the enhanced scrip of 33.2p, free of dealing costs - a 5 per cent discount to cover the joint bro-

kers' risk in underwriting the deal.

BAT said it was delighted that a way had been found so as not to disadvantage any of its shareholders, which had been the group's main concern over SBC's late intervention.

Initially BZW said SBC's timing suggested it was more interested in "creaming off" institutional investors, rather than small shareholders. SBC denied that, and said it would consider making similar offers for the scrips of other companies which have followed BZW's example.

All cheques to shareholders who elected for cash will be sent out by BZW. No fees or payments will be exchanged by the banks.

Pittencroft profits warning

By Paul Taylor

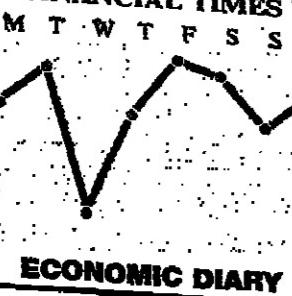
PITTENCROFT shares fell by almost a fifth yesterday, after the Edinburgh-based oil explorer and mobile communications company, which is in the midst of a hostile takeover battle for Aberdeen Petroleum, issued a profits warning.

The stock fell by 60p yesterday after the warning that 1992 pre-tax profits will be "below expectations", and the inclusion of a 17p-a-share cash alternative in a revised and extended offer for Aberdeen which values the US quoted company at £8.76m.

Pittencroft's results for the year to December 31 are due out next week and brokers had been expecting pre-tax profits of £5.6m and £5.3m (£3.15m in 1991).

<p

FINANCIAL TIMES WEEKEND MAY 8/MAY 9 1993



TODAY: Algerian Head of State Ali Kafi to address nation.
MONDAY: Civil and Public Services Association conference in Brighton (until Friday). Witness due to give evidence relating to Ministry of Defence Scott inquiry on export to Iraq. Dalai Lama meets Archbishop of Canterbury. Credit business figures (March); producer price (April). EC foreign ministers meet in Brussels: agenda includes EC-US relations. EC telecommunications ministers meet in Brussels. UK producer prices, West German inflation.

TUESDAY: UK housebuilding (March). West German retail sales. US Treasury auction. United Newspapers AGM.
WEDNESDAY: Scottish Conservative conference in Edinburgh (to Friday). Environment secretary Michael Howard launches Chartered Building Companions Scheme. Dalai Lama meets Foreign secretary Douglas Hurd in London. News conference on Serious Fraud Office annual report in London. New Zealand Prime Minister Jim Bolger begins two-day visit to Japan. Guardian Royal Exchange AGM. Body Shop Final Results. West German producer prices. US Treasury auction - 10 year bills.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. British Telecommunications Final Results. Swiss wholesale prices. US consumer prices. US retail sales. US Treasury auction - 30 year bonds. West German wholesale prices.

FRIDAY: UK First quarter insolvency statistics. Swiss trade figures. Prime Minister John Major speaks at closing rally at Scottish Conservative party annual conference. Result announced of ballot of rail union RMT members on industrial action. Informal meeting of ministers responsible for the EC internal market in Vejle, Denmark. President Mitterrand meets Greek President Constantine Karamanlis and Prime Minister Constantine Mitsotakis during one-day visit. Pearson AGM. Burmese Central Bank.

		Liffe Equity Options																							
		Jul	Oct	Jan	Feb	Mar	Apr	May	Aug	Nov	Dec	Options		Jul	Oct	Jan	Feb	Mar	Apr	May	Aug	Nov	Dec		
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AT&T	87	13	15	-	-	2	4	-	-	7	10	82	13	15	18	20	22	25	27	30	32	35	82	13	
B&T	7	11	-	-	3	5	7	-	-	-	-	730	8	10	12	14	16	18	20	22	24	26	730	8	
BT&T	280	18	25	31	32	35	37	39	40	42	44	280	18	25	31	32	35	37	39	40	42	44	280	18	
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P&G	450	35	48	58	65	75	85	92	102	112	122	450	35	48	58	65	75	85	92	102	112	122	450	35	
Boots	425	42	52	62	72	82	92	102	112	122	132	425	42	52	62	72	82	92	102	112	122	132	425	42	
P&G	450	13	23	32	42	52	62	72	82	92	102	450	13	23	32	42	52	62	72	82	92	102	450	13	
British Steel	250	12	16	18	22	25	28	32	37	42	47	250	12	16	18	22	25	28	32	37	42	47	250	12	
Brown	250	41	58	68	78	88	98	108	118	128	138	250	41	58	68	78	88	98	108	118	128	138	250	41	
C&I Corp	250	55	68	78	88	98	108	118	128	138	148	250	55	68	78	88	98	108	118	128	138	148	250	55	
Deutsche	300	17	23	31	34	37	42	47	52	57	62	300	17	23	31	34	37	42	47	52	57	62	300	17	
Elf Aquitaine	250	12	16	18	22	25	28	32	37	42	47	250	12	16	18	22	25	28	32	37	42	47	250	12	
Emerson Elec	450	10	24	31	38	45	52	59	66	73	80	450	10	24	31	38	45	52	59	66	73	80	450	10	
Fiat	250	11	20	28	35	42	49	56	63	70	77	250	11	20	28	35	42	49	56	63	70	77	250	11	
GKN	250	17	27	35	45	55	65	75	85	95	105	250	17	27	35	45	55	65	75	85	95	105	250	17	
General	250	55	68	78	88	98	108	118	128	138	148	250	55	68	78	88	98	108	118	128	138	148	250	55	
Hewlett Packard	250	25	35	45	55	65	75	85	95	105	115	250	25	35	45	55	65	75	85	95	105	115	250	25	
IBM	250	25	35	45	55	65	75	85	95	105	115	250	25	35	45	55	65	75	85	95	105	115	250	25	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24	28	32	36	40	44	48	250	12	16	20	24	28	32	36	40	44	48	250	12	
Imperial Chemical Inds	250	12	16	20	24																				

INTERNATIONAL COMPANIES AND FINANCE

Michelin uses emergency package as sales fall 14%

By Alice Rawsthorn in Paris

MICHELIN, the world's largest tyre maker, has implemented an emergency rationalisation programme after suffering an unprecedented 14 per cent fall in tyre sales by volume in the first quarter of this year.

The company, which is one of France's largest industrial groups, has put almost all its French factories on short-time working and has announced plans to cut 2,950 jobs in France over the next two years and to redeploy 1,900 employees.

Michelin has completed a two-year programme of stringent cutbacks. It reduced its

workforce by 16,000 people in 1991 and 1992 to reach the present level of just over 30,000. The group employed almost 53,000 people in 1980.

The cost cutting played a critical part in Michelin's return to profit last year. The group, which had made losses in 1990 and 1991, returned to the black with a net profit of FF75m (\$1.65m) on worldwide turnover of FF66.8bn.

The 1992 profit was achieved in spite of a fall back into loss in the second half when the market declined and the group was hit by adverse exchange cuts.

Michelin recently warned it would be forced to make further

reorganisation of its production planning and management.

In spite of the surge in total profits, the figures showed that the recession in Germany was beginning to catch up with the banking sector which enjoyed a record year in 1992. Total lending contracted by 1.9 per cent to DM163.4bn in the quarter.

Speaking at the bank's annual meeting, Mr Martin Kohlhausen explained that the bulk of the growth in profits came from the bank's own account trading activities in currencies and securities markets.

Partial operating profits – calculated before own-account trading profits were taken into account – grew by just 2.6 per cent to DM468m. Mr Kohlhausen attributed this to the moderate 2.3 per cent increase in interest earnings.

Sharp gains at Commerzbank

By David Waller in Frankfurt

COMMERZBANK, Germany's third biggest bank, increased total operating profits by more than a quarter to DM651m (\$407m) in the first three months of this year, the chief executive told shareholders yesterday.

Speaking at the bank's annual meeting, Mr Martin Kohlhausen explained that the bulk of the growth in profits came from the bank's own account trading activities in currencies and securities markets.

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GM to invest \$100m in Argentine vehicle plant

By John Barham
In Buenos Aires

GENERAL Motors plans to invest \$100m in Argentina to set up a utility vehicle plant producing 25,000 units a year beginning in 1994.

The government said GM, acting through its Brazilian subsidiary, would join forces with CIADEA, a local car company, which will hold an undisclosed minority stake in the venture.

GM quit Argentina 15 years ago as political unrest engulfed the country and the economy began declining. Its return is being hailed as an indication of increasing international confidence in Argentina's economic reforms and proof that badly-

needed investments in industry are beginning to appear.

The announcement comes as car companies in Brazil and Argentina are increasing integration and co-operation. However, of the region's six volume car makers, only Brazil-based GM and Argentinian's CIADEA, which builds Renault cars under licence, had failed to build a cross-border relationship.

The new GM-CIADEA trucks

will be sold on the local market and exported to Brazil. In addition to the GM investment, CIADEA said it would invest a further \$20m to expand its plant in the city of Cordoba and begin building other GM vehicles under licence for sale in both markets.

French bank buys new HQ

By Vanessa Houlder,
Property Correspondent

CIC Paris, France's fifth largest commercial bank, has bought a new headquarters building in Paris for FF1.3bn (\$426m) in one of the city's largest property deals for several years.

It has bought a 290,000 sq ft building in the heart of the financial district at the junction of Rue de la Victoria and Rue Talbot. It was built by a partnership of Banque Paribas, Prudential, Cogedim and other financial institutions.

CIC will move to the building in the second half of 1994. As part of the deal, the developing partners are buying the old headquarters building of CIC Paris for FF1.6bn.

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were dismissed. This is unusual in Germany.

Mr Kohlhausen said that he was very satisfied with the bank's performance in the first quarter, giving him confidence about the rest of the year in spite of difficult economic conditions in Germany and abroad.

He indicated that the bank may hold another rights issue to follow the DM500m issue earlier this year. He gave no hint about timing, saying the bank would return to the market "whenever profitable growth prospects existed for the funds raised".

The bank is likely to raise more capital through the issue of profit-sharing certificates: shareholders yesterday authorised the board to issue up to DM1bn of the certificates.

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Air Canada deeper in red after write-off

By Robert Gibbons in Montreal

AIR CANADA reports a large net loss for the first quarter of 1993 following the write-off of its remaining 9 per cent stake in GPA, the troubled Irish-based aircraft leasing group.

The company, Canada's biggest airline, has incurred a net loss of C\$30m (\$US234m), or C\$3.96 a share, compared with a loss of C\$164m or C\$2.23, a year earlier. It said operating revenues were steady with a slightly better passenger yield. Revenues from other business offset declines in traffic and cargo income.

The first-quarter results include a C\$80m write-down to cover the book value of the 9 per cent interest in GPA. Air Canada spent C\$30m buying a 20 per cent interest in GPA. As the recession began, it sold part of this for a C\$38m gain. It has received C\$30m in GPA dividends. "We will not make any further investment in GPA," said Mr Hollis Harris, chairman of GPA, restructuring its US\$5.5bn debt after shareholders refused to take up a US\$200m convertible preferred issue.

Air Canada's net loss included C\$64m in extra provisions for staff retrenchments and other special charges. The first-quarter operating loss was C\$75m, before provisions, compared with an operating loss of C\$101m a year ago.

The company said 1,000 more jobs would go this year, over and above the 500 announced.

The new reductions applied

across the board would reduce the payroll to about 16,000 people by the year end. Mr Harris announced a broad executive reshuffle designed to speed the drive for cost reduction and profitability.

The number of top executives would be cut to 13 from 18. All airline operations become the responsibility of Mr Jean-Jacques Bourgeault, who steps up from executive vice-president, marketing, to executive vice-president and chief operating officer.

A senior executive would be based in Vancouver to develop more business in western Canada. Mr Rob Peterson, treasurer, steps up to vice-president finance.

Air Canada is forging operating links with Continental Airlines of the US which it hoped would lead to extra revenues and lower costs. A plan to merge with rival Canadian Airlines was blocked by legal process plus opposition from the Canadian Airlines management.

Banesto said the decision reflected its intention to build on previous efforts to strengthen the group, which included increasing equity and stricter risk control, as well as a need to act decisively against the effects of the economic crisis.

"In consequence, the bank has set as a priority goal that of favouring solidity over short-term profits, by increasing provisions and allocating the entire first-quarter parent bank profit to extraordinary provisions," it said.

The bank said that its profits had been distorted by the sale of Banco de Madrid to Deutsche Bank of Germany in March.

Banesto said it had used almost its entire first-quarter profit to cover special provisions, mostly for bad loans.

It said Pta18.09bn in capital gains from the recent sale of Banco de Madrid had been devoted to a special fund to cover future contingencies.

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business transaction was effected, they may not in all cases settle through the Stock Exchange Trading System, they may not in all cases of execution but in ascending order which denotes the day's highest and lowest dealing.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the date.

Bonds listed on the Stock Exchange are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

+ Bargains at special prices. ♠ Bargains done the previous day.

British Funds, etc

No. of bargains included 1642

Treasury 13% Stk 2000/03 - £130+

Exchequer 10% Stk 2005 - £118%

(4Myrs)

Guinness Export Finance Corp PLC

12% Cvr Cap Stk 2002/Reg - £105%

(30Myrs)

Cityplus Ld 10% Ind Stk - 240% (30Myrs)

United Kingdom 7% Bills

£100m (4Myrs)

Shares advance as new account opens

By Terry Byland,
UK Stock Market Editor

A DOLEFUL trading account in the UK equity market came to a relatively optimistic close last night, as share prices brushed off the initially bearish effects of the government's poor showing at the polls and turned higher as they moved into the new trading account. Early deals saw the FT-SE Index down by 14 points, following the electoral cowering of Mr Major's governing Conservative party in Britain's county council polls and its rout at an important parliamentary election. But, with sterling and government bonds steady, equities had already rallied before the final hour of

Account Dealing Dates	
First Dealings	May 10
Act 1	May 10
Act 2	May 24
Options Expirations	
Options 1	May 30
Options 2	June 3
Last Dealings	
May 7	May 21
Account Days	May 17
May 18	June 4
Next Dealings may take place from	2.30am two business days earlier.

trading. That final hour saw the market moving into the new trading period which brought a wave of support. The FT-SE Index closed 7.4 up at 2,793.7 in good turnover. Excitement was fuelled by reports that the big securities houses were actively preparing the underwriting on the £1.3bn rights issue of Zeneca shares, to be priced on Wednesday as

the ICI demerger moves towards zero hour. The reports of underwriting activity alarmed the market's takeover bid pundits, some of whom pushed United Biscuits higher in the closing minutes of the session.

At the day's low point, the Footsie touched 2,772.2 which is seen as the extreme low end of the present trading range. Consequently, the late recovery represented a significant reinforcement of some current strategies in the UK market, especially as there was little encouragement from Wall Street when it opened its new session.

At last night's close, the FT-SE 100 was down 19.4 on a week in which the City has

FT-A All-Share Index

Value	Change	Days	Price change
1,379.45	+1.82	1379.45	+1.82
1,379.45	+1.82	1379.45	+1.82
1,379.45	+1.82	1379.45	+1.82
1,379.45	+1.82	1379.45	+1.82

been slow to return to work after the May Day break. Over the three-week account, extended to cover the holiday, retail business totalled £1.37bn.

weekend, the London market has fallen by about 1 per cent, largely on worries about the US economy. Those worries have been highlighted by suggestions that big investors have been moving into gold

bullion and shares.

The FT-SE Mid 250 Index, again slow to follow the blue chips, closed 5.2 off at 3,109.5 yesterday. Although 2.6 down on the week, the Mid 250 Index has gained 12 per cent over the account; second-line issues have been less exposed than the FT-SE 100 stocks to sudden swings in the stock index futures market.

Seal volume remained high at 61.6m shares, compared with 68.1m on Thursday when retail business totalled £1.37bn.

TRADING VOLUME IN MAJOR STOCKS

Value	Change	Days	Price change	Value	Change	Days	Price change	Value	Change	Days	Price change
ASBA Group	-1,500	6/12	-1.25	Dai-ichi	-510	1/2	-1.00	Lloyds	-4,600	1/2	-1.00
ABP	-1,000	1/2	-1.00	Deutsche	-2,000	1/2	-1.00	Marconi Transport	-5,200	1/2	-1.00
Albert Heijn	-3,000	1/2	-1.00	DFC	-2,000	1/2	-1.00	Morgan Stanley	-5,200	1/2	-1.00
Aldi	-1,700	1/2	-1.00	Edwards	-340	1/2	-1.00	MTI	-1,200	1/2	-1.00
Alstom	-1,200	1/2	-1.00	Enron	-1,100	1/2	-1.00	NBT	-2,000	1/2	-1.00
Anglo American	-1,200	1/2	-1.00	Ernst & Young	-1,100	1/2	-1.00	North Sea Oil	-1,700	1/2	-1.00
Anglo-Dutch	-2,000	1/2	-1.00	Euronext	-1,100	1/2	-1.00	NTT	-2,000	1/2	-1.00
Anglo-Scottish	-2,000	1/2	-1.00	Esso	-1,100	1/2	-1.00	Oilfield Services	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Exxon	-1,100	1/2	-1.00	South West Dist.	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Exxon Mobil	-1,100	1/2	-1.00	Southern Gas	-1,700	1/2	-1.00
Anglo-Dutch	-2,000	1/2	-1.00	ExxonMobil	-1,100	1/2	-1.00	South West Ind.	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Fisons	-1,100	1/2	-1.00	South West Res.	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Tech.	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Tele.	-1,700	1/2	-1.00
Anglo-Japanese	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Norwegian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Japanese	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Norwegian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Japanese	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Norwegian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Japanese	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Norwegian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Japanese	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Norwegian	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Swiss	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-American	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-French	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-German	-2,000	1/2	-1.00	Flame	-1,100	1/2	-1.00	South West Water	-1,700	1/2	-1.00
Anglo-Italian	-2,000	1/2	-1.00								

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Court St, Paddington, E. London
Joint Investors - D 1136.1 1136.75 1867.5 16.5 4.5

Ideas Unit Trust Managers Ltd (1400F)

Battle Gifford 1 Rutland Ct Etch BEY	031-222-6242	RPT Whistle Acc	521	50,02	50,02	50,02
John General	0 124-4 124-486 1285	RPT Whistle Inc Disc	521	50,01	50,11	50,01
	— 453	RPT Whistle Inc Disc	521	50,01	50,458	50,30

Guide to pricing of Authorised

Compiled with the assistance of Lautro SS

INITIAL CHARGE: Charge made on sale of units. Used to define marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price.

OFFER PRICE: Also called issue price. The price shown is the offer price per unit. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a market price revision.

BID PRICE: Also called redemption price. The price at which units are sold back by a fund manager.

CANCELLATION PRICE: The minimum price at which units are sold back by investors.

The managers cost of the price to be set on the next valuation, investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the

practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be somewhat lower than the

SCHMEE PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge, from www.bmib.gov.

TIME: The time shown alongside the fund manager's name is the time of the last trust's charge from fund managers.

Other explanatory notes are contained in the last column of the FT Maturity Fund Service.

The symbols are as follows: (-) - 0001 to 1100 hours; (+) - 1101 to 1400 hours; (++) - 1401 to 1700 hours; (+++) - 1701 to midnight. Days preceding, inclusive, are not the number of the day.

Daily dealing prices are set on the basis of the
replication point; a short period of time may
elapse before prices become available.

Centre Point,
102 New Oxford Street, London WC1A 1SH
Tel: 071-737-5424.

For more information please contact: www.rrc.state.tx.us, 800-877-3770-0204.

FT MANAGED FUNDS SERVICE

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Other UK Unit Trusts															
Price	Offer	+/-	Yield	Units	Field	Price	Offer	+/-	Yield	Units	Field	Price	Offer	+/-	Total
Boffins Gifford & Co Ltd	184.7	186.11	-1	1.15											
First Exp May 5	184.7	186.11	-1	1.15											
Baring Investment Management Ltd	150.25	150.25	0.00	1.00											
Charities Funds	177.41	178.04	-0.63	0.54											
Char. Bd. of Fin. of the church of England	177.41	178.04	-0.63	0.54											
2 St. Paul's, London EC2V 5AZ	177.41	178.04	-0.63	0.54											
for Exp Apr 20	177.41	178.04	-0.63	0.54											
177.41	178.04	-0.63	0.54												
Depot Fund Acct	177.41	178.04	-0.63	0.54											
Deposit Fund Acct	177.41	178.04	-0.63	0.54											
Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
177.41	178.04	-0.63	0.54												
Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
177.41	178.04	-0.63	0.54												
Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
177.41	178.04	-0.63	0.54												
Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
177.41	178.04	-0.63	0.54												
Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
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Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
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Charity Fund for Fin. of Charities Abt Foundation	177.41	178.04	-0.63	0.54											
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177.41	178.04	-0.63	0.54	</											

FT MANAGED FUNDS SERVICE

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ISLE OF MAN (SIB RECOGNISED)																
Provident Mutual Life Assurance Co - Contd.																
Pension Funds	£625.0	589.2	-2.5													
Managed Inv.	370.0	370.0	-1.0													
Port Inv Ltd	325.0	375.0	-2.7													
Port Inv Ltd Off Inv	317.0	325.0	-2.4													
Offshore Equity Inv	151.0	151.0	-1.0													
Diversified Inv Fund	266.1	260.1	-2.3													
Property Inv Fund	255.3	214.0	-1.6													
Health Inv Fund	151.0	150.0	-0.7													
Deposit Inv Fund	266.2	260.0	-1.5													
Deposit Ord	263.1	212.0	-1.5													
Prudential Assurance Co	£71-495 3222															
Management Inv	1,295.6	1,308.9	-1.0													
Prudential Corporate Pension Funds	£71-495 3221															
Prudential London PMP 249	£71-495 3221															
Prudential London Pensions Fund	£71-495 3221															
Diversified Inv Fund	1,234.7	1,217.0	-1.6													
Equity Avg 28	1,251.0	1,250.0	-0.9													
Inv Bond Avg 28	1,215.0	1,215.0	-0.7													
Fund Inv Avg 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
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Global Inv 28	1,215.0	1,215.0	-0.7													
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Equity Inv 28	1,215.0	1,215.0	-0.7													
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Equity Inv 28	1,215.0	1,215.0	-0.7													
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Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
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Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													
Global Inv 28	1,215.0	1,215.0	-0.7													
Corporate Inv 28	1,215.0	1,215.0	-0.7													
Equity Inv 28	1,215.0	1,215.0	-0.7													
Property Inv 28	1,215.0	1,215.0	-0.7													

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JERSEY (REGULATED) ("")

Global Fund Information															
Last updated: 2024-01-18 17:00 UTC															
Data source: Fundinfo.com															
Disclaimer: This page provides a summary of fund information. For detailed information, please refer to the fund's prospectus or annual report.															
Data is subject to change without notice. Past performance is no guarantee of future results. Funds are not bank deposits and are not insured by FDIC or NCUA.															
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WORLD STOCK MARKETS

US MARKETS (3 pm)

May 7	USS	+ or -
Kimberly-Clark	45.3	-1
King World Prods	34.7	-1
Knight-Ridder	56.1	-1
Kroger	17.3	-1
LSI Logic	12	-1
Leggett & Platt	35.4	-1
Licentia Netw	38.9	-1
Lily (EN)	31.1	-1
Linn Energy	25.2	-1
LIN Broadcasting	25.2	-1
Lincoln Nat.	79	-1
Littel	60	-1
Liz Claiborne	36.1	-1
Lockheed Corp	84.1	-1
Loews Corp	100.4	-1
Long Star	1.75	-1
Long Island Light	27.2	-1
Longs Drug Stores	33.1	-1
Longs Corp	34.4	-1
Lotus Dev Corp	14.4	-1
Louisiana Land	45	-1
Louisiana Pacific	83	-1
Lowe's Co Inc	30.4	-1
Lubrizol	32.1	-1
MA Comm Inc	57	-1
MC Comm	48	-1
Mec Frugals Bargain	16.1	-1
Menor Care	20.4	-1
Menzel Corp	9.4	-1
Merck Inc	11.2	-1
Merlin Monroe	17	-1
Merritt	24.5	-1
Marsh & McLennan	80.4	-1
Masco Corp	32.1	-1
Massachusetts Corp	28.2	-1
Mattel Inc	25	-1
Maxus Energy	81	-1
May Dept St.	74.4	-1
Maytag Corp	14.1	-1
McCare Cellular	40.4	-1
McDermott	27	-1
McDonald's	48.1	-1
McKesson Douglas	63.1	-1
McKeever Hldg	58.1	-1
McKesson Corp	42.1	-1
Meed Corp	44.5	-1
Medtronic	67.2	-1
Mellon BK	55.2	-1
Mehlville Corp	45.1	-1
Mentor Graphics	92.1	-1
Mercantile Stores	34.6	-1
Merck Inc	37.4	-1
Meredith Corp	29.1	-1
Merrill Lynch	70.7	-1
Mesco Inc	57	-1
Microsoft	87	-1
Midwest	291	-1
Mini Story App	46.4	-1
Minuteman Milte	11.4	-1
Mitsui Corp	70.1	-1
Moko Inc	31.4	-1
Monarch Machined	10.1	-1
Monsanto	53.8	-1
Morgan LIP	66.5	-1
Morgan Stanley	80.4	-1
Morrison-Knudsen	21.8	-1
Morton Int'l	76.1	-1
Motorola Inc	76.1	-1
Multimedia Inc	33.4	-1
Murphy Oil	44.3	-1
Nacco Inds	51.3	-1
Nalco Chemical	32.1	-1
National Corp	26.1	-1
National Inds	36	-1
Nash City Corp	46	-1
Nati Intergraph	13.4	-1
Nati Medical Ent	61	-1
Nati Semiconductors	14.1	-1
Nati Service Ind	35.6	-1
NatWest Bank	42.1	-1
Naylor Int'l	2.50	-13
NBD Bancorp	31.1	-1
Network Systems	8.4	-1
Newgentra Corp	18	-1
New England Elec.	42.1	-1
NY State Ed Gas	34.7	-1
NY Times A	281	-1
Newmont Gold	41.1	-1
Newmont Mining	49.1	-1
Nigag Mohawk	22.1	-1
Nicor Corp	26.8	-1
Nile B	69.9	-1
NI Int'l	25	-1
Nitro Amfibious	22.1	-1
Nordstrom	31.1	-1
Norfolk Southern	67.1	-1
NorthEast US	26.1	-1
Ntn State Power	46	-1
Northrop	38.1	-1
Norwest Corp	49.1	-1
Nox Inds ADR	26.1	-1
Nyex Corp	53.1	-1
Occidental Pet	22.1	-1
Ogden Corp	23.1	-1
Ohio Casualty	64.1	-1
Ohio Edison	34.1	-1
Ofin Corp	44.1	-1
Omnicom Group Inc	43.1	-1
Oreck Corp	23	-1
Oracle Systems	39.5	-1
Oryx Energy Co	22.4	-1
Oskosh Brosch A	17	-1
Outboard Marine	17.1	-1
Overship Ship	19.1	-1
Owens Corning	38.1	-1
PAC Corp	39.1	-1
PAC Financial	31.1	-1
PPG Industries	73.1	-1
PSI Holdings	23.1	-1
Paccar Inc	58.1	-1
Pacificorp	18	-1
Pax Enterprises	23.1	-1
Pac Gas & Elec	32.1	-1
Pac Telecom	22.1	-1
Pac Telesys	45.1	-1
PaineWebber	26	-1
Pall Corp	19.1	-1
Panhandle Eastern	21.1	-1
Paramount Communc	50.1	-1
Parker Drilling	6.1	-1
Parker Hamilton	30.1	-1
Penta Central	29.1	-1
Penney JLG	44	-1
Pennsalt Pwr & Li	23.1	-1
Penzance	62.1	-1
People's Energy	30.1	-1
Pepaco	35.1	-1
Penton Elmer	25.1	-1
Pentix Stores	24.1	-1
Pfizer	63.1	-1
Pfizer Dodge	63.1	-1
Phelps Dodge	29.1	-1
Philip Morris	51.1	-1
Philips Corp	28.1	-1
Philips-Van Houten	25.1	-1
Pinnacle West Cap	21.1	-1
Pioneer HI Brd	24.1	-1
Pliny Bowes	41.1	-1
Plitron	16.4	-1
Polaroid	34.1	-1
Policy Mgt Sys	45.1	-1
Potash Corp	45.1	-1
Potomac El Pwr	27.1	-1
Praxair	15.1	-1
Premier Indl	26.1	-1
Price Co	29.1	-1
Primera Corp	14	-1
Primerica	44.5	-1
Procter & Gamble	12.1	-1
Promax Cos Inc	45.1	-1
Provider Lite B	30.1	-1
Pub Serv E & G	34.1	-1
Pugen Sound Power	27.1	-1
Quaker Oats	88.1	-1
Quaker Corp	15.1	-1
Quantum Chemical	12.1	-1
RJR Nabisco	5.1	-1
Realty Pacific	29.1	-1
Rank Organics ADR	1.1	-1
Raytheon Corp	42.1	-1
Rhythms	37.1	-1
Reskirk Intl	37.1	-1
Reynolds & Renn A	38	-1
Reynolds Metals	42.1	-1
Rite Aid Corp	16.1	-1
Roadway Services	55.1	-1
Rochester Gas&El	27.1	-1
Rocketdyne	35.1	-1
Rosenblatt	32.1	-1
Roton & Name	9.1	-1
Roxane Industries	9.1	-1
Rouge Inc	21.1	-1
Rouse	9.1	-1
Royal Dutch	85.1	-1
Rubbermaid	31.1	-1
Rudick	19.1	-1
Russell Corp	31.1	-1
Ryder System	27.1	-1
Rymer Co	1.62	+1.13
SAPS Technology	25.1	-1
Safeway Corp	57.1	-1
Safety-Mecon	17	-1
SA Plastic Cos	81.1	-1
Salomon Inc	36.1	-1
San Diego Gas&El	26	-1
Santa Fe S Pwrs	15.1	-1
Sara Lee Corp	25.1	-1
Scatec	48.1	-1
Schering Plough	65.1	-1
Schulmaner	63.1	-1
Schultz Atlanta	26	-1
Scientific Paper	35.1	-1
Sequoia Corp	24.1	-1
Sequoia Compania S	26.1	-1
Seapage Tech	15.1	-1
Seasprings	29.1	-1
Sealed Power	16	-1
Seana Rosebud	52.1	-1
Sequoia A	26.1	-1
Service Corp Int'l	29.1	-1
Shared Medical	20.1	-1
Shell Trans	54.1	-1
Shewey Williams	22.1	-1
Shoney's Inc.	26.1	-1
Sigma Watch	20.1	-1
Simpson Corp	16.1	-1
Smith Int'l	10.1	-1
Snowline Schenck A	37.1	-1
Smidt Blich Eq Us	33	-1
Snap-On Tools	35.1	-1
Sonat	55	-1
Sonoco Products	46.1	-1
Sony Corp ADR	43.1	-1
Southdown	11	-1
Southern Co	41.1	-1
Southern Natl Eng Tel	36.1	-1
Southwestern Airlines	37.1	-1
Southwestern Bell	75	-1
Spring Inds	42.1	-1
Spring Corp	31	-1
Standard Paints	42.1	-1
Standard Products	42.1	-1
Stanley Works	45.1	-1
Storage Technol	36.1	-1
Stratus Computer	34.1	-1
Sun Company	24.1	-1
Sunamerica	33.1	-1
Sundstrand	43.1	-1
Sun Microsystems	26.1	-1
Sunshine Mintng	15.1	-1
Suntrust	44.1	-1
Supervalu	32.1	-1
Systech Corp	19.1	-1
SySCO Corp	25.1	-1
T J X Cos Inc	317.1	-1
TRW Inc	62	-1
Tandem Computers	46.1	-1
Tandy Corp	10.1	-1
Tektronix	30.1	-1
Telxon Corp	2.50	-1
Telzio	18.1	-1
Tektronix ADR	48.1	-1
Temple Inland	44.1	-1
Tenneco	49	-1
Tescon Pol	61	-1
Texaco	53.1	-1
Texas Instruments	62.1	-1
Textron	48.1	-1
Thikol	21.1	-1
Thomas & Betts	69	-1
Tidewater	23.1	-1
Time Warner	93	-1
Times-Herald	31.1	-1
Timken	50.1	-1
Torchmark	55.1	-1
Tosco Corp	24.1	-1
Total Pet N Am	6.1	-1
Toys R Us	37.1	-1
Transamerica	47.1	-1
Transco Energy	14.1	-1
Travelers Corp	27.1	-1
Trexon	2.1	-1
Tri-City	25.1	-1
Trinity Ind Del	45.1	-1
TRWNA Corp	27	-1
Triton Energy	41.1	-1
Trixie Labs	43	-1
Tyler	4.87	-1
Tyson Foods	22.1	-1
UAL Corp	134.1	-1
USA Corp	0.28	-1
UST Inc	30.1	-1
USX Marathon	19.1	-1
USX-US Steel	42.1	-1
Uniliver NV	112.1	-1
Union Carbide	44.1	-1
Union Carbide	19.1	-1
Union Electric	39.1	-1
Union Pacific	62.1	-1
United Sys Corp	11.1	-1
Upjohn	20.1	-1
VF Corp	48	-1
Valero Energy	24.1	-1
Varian Associates	46.1	-1
Varty Corp	32.1	-1
Vermont	40	-1
Vulcan Materials	43.1	-1
Wachovia	35.1	-1
Wal-Mart Stores	4.37	+1.13
Walgreen	36.1	-1
Warren-Lambert	72.1	-1
Washington Gas Light	41.1	-1
Washington Post B	2.1	-1
Waste Mgmt Inc	32.1	-1
Watkins-Johnson	14.1	-1
Webb Markets	25.1	-1
Wellcome ADR	11.1	-1
Wells Fargo	105.1	-1
West N America	13.1	-1
Western Publ	14.1	-1
Westinghouse B	157.1	-1
Weyerhaeuser	43.1	-1
Whirlpool	54	-1
Whitman	13.1	-1
Wilkes-Barre Ind	37.1	-1
Williams Cos	48	-1
Windham Corp	55.1	-1
Wisconsin Elec Pow	27.1	-1
Witco	30.1	-1
Wilmington Int'l	26.1	-1
Wrigley (Wm) J	33.1	-1
Xerox	74.1	-1
Yellow Freight Sys	23.1	-1
Zenith Electronics	57	-1
Zero Co	14.1	-1

IMAGES

INDICES

NEW YORK DOW JONES					May	May	May	May	1993	Since compilation	May	May	May	May	1993		
	May	May	May	May								7	6	5	4	HIGH	LOW

	6	5	4	3	HIGH	LOW	HIGH	LOW	AUSTRALIA						
Industrials	3441.90	3446.10	3446.19	3448.46	3478.81	3241.95	3478.61	41.22	All Ordinaries (1/1/80)	1685.3	1691.9	1674.7	1664.3	1710.10 (25/4)	1469.00 (19/1)
Home Bonds	107.43	107.49	107.51	107.44	107.51	(164)	1164/83	(27/22)	All Mining (1/1/80)	704.4	707.4	699.8	687.4	707.40 (5/5)	584.70 (13/1)
Transport	1580.35	1575.71	1553.04	1607.54	1603.05	1453.84	1603.06	12.32	AUSTRIA						
Utilities	242.30	241.98	241.36	239.98	247.68	217.14	247.68	10.50	Credit Action (30/12/84)	322.39	322.71	320.68	321.77	357.76 (9/3)	300.28 (14/1)
					(164)	(217)	1164/83	(27/22)	Trade Index (27/1/91)	770.25	770.25	764.28	764.22	866.17 (3/3)	712.08 (15/0)
									BELGIUM						
									BEL20 (17/1/91)	1182.31	1189.44	1176.91	1181.58	1269.11 (7/4)	1125.00 (4/1)
									BRITISH & FRENCH						

Index Composite	245.22	245.72	245.21	244.54	511.36	510.21	511.36	416	416	HDX (30/1387)	1611.92	1623.25	1623.18	1627.37	1717.40 (11/18)	1518.50 (19/11)
Amer Mkt. Value	435.95	425.85	424.76	422.21	428.85	393.84	426.95	39.31	39.31	HONG KONG						
NASDAQ Composite	680.04	683.26	578.16	686.71	708.26	645.67	708.25	54.67	54.67	Hong Kong Exch (31/7754)	6798.34	6795.52	6820.33	6827.29	6894.80 (284)	5407.89 (411)
					142	2649	142930	1410722	1410722	IRELAND						
										S&P Overall (4/1882)	1495.71	1508.22	1521.45	1529.11	1581.74 (18/4)	1181.10 (11/1)

	Apr 30	Apr 23	Apr 16	year ago (approx.)	
Dow Industrial Div. Yield	3.04	3.01	3.04	2.79	
Mkt. Val.	Apr. 28	Apr. 28	Apr. 28	—	

	May 5	Apr 26	Apr 21	year ago (approx.)	
S & P Industrial div yield	2.52	2.56	2.54	2.61	
S & P Ind. P/E ratio	26.22	25.77	25.92	25.39	
NEW YORK ACTIVE STOCKS					
TELE-PIRETE (Telepi) A/H(B)	163.77	161.33	163	\$3	162.00 (2/9)
2nd Section (A/168)	2163.40	2136.87	163	\$3	2163.40 (7/9)
MALAYSIA					
KLSE Composite (A/4489)	712.85	(6)	705.46	706.08	718.81 (3/9)
NETHERLANDS					
CBS, THIJSSEN (Cbs/Grp)	182.00	175.9	175.4	175.3	172.70 (1/9)

NEW YORK ACTIVE STOCKS				TRADING ACTIVITY								
Thursday	Stocks traded	Closing price	Change on day	† Volume			Millions	CRS TRADERS INDEX	CRS ALL SEC. (END 1983)			
				May 6	May 5	May 4		225.8	225.4	322.3	322.0	225.70 (1971)
UR Reliance	7,184,100	\$12	—					217.7	217.8	217.8	216.3	225.50 (1974)
Jumprope	6,002,800	\$10	+ 7¢									195.00 (1971)
New York SE	294,368	270.984	—									
Amer.	14,513	17.521	—									
NORWAY	Obo SE (end 2/1/83)			\$12.08	\$27.94	\$22.45	\$14.35	\$27.94	\$16.93	\$69.93	\$27.77	
PHILIPPINES	Metlife Corp. (2/1/83)			1653.91	1643.50	1654.38	1630.52	1654.39	1559.50	1270.58	1411.11	

CANADA	Alberta	Edmonton Gen. (1/23/97)	1058.7	1059.0	1052.1	1041.4	1085.70 (775)	\$73.10 (2611)
TORONTO	SWEETWATERLAND							
May 6	May 5	May 4	May 3	HIGH	LOW			
1993								
Total 4 Months	12000.74	12011.63	12007.88	12001.00	Avg. 12001.00	12000.74	12011.63	12001.00

Weights & Minerals	2688.34	2917.63	2907.08	2901.08	2972.25 (92)	2743.31 (1/1)	Weighted Price (204/675)	4573.42	4622.48	4449.32	4448.18	501328 (774)	3088.43 (971)
Composite	3794.74	3786.90	3778.20	3773.47	3794.74 (65)	3275.00 (21/1)							
Montreal Portfolio	1890.04	1882.49	1877.10	1882.82	1880.04 (95)	1720.37 (21/1)							
THAILAND													
Singapore SET (204/75)							845.38	845.13	[4]	828.19	598.44 (257)	828.16 (4/9)	
WORLD													
WLS Capital Net/1/1/70 \$							563.07*	582.4	565.2	564.6	565.20 (5/5)	458.60 (13/1)	

WORLD STOCK MARKETS

AMERICA

US stocks little moved by jobs data

Wall Street

US share prices were little changed in light trading yesterday morning in the wake of an April employment report that provided few clues to the current state of the economic recovery, writes Patrick Harwood in New York.

At 1pm, the Dow Jones Industrial Average was down 6.37 at 3,435.53. The more broadly based Standard & Poor's 500 was down 0.61 at 442.85, while the Amex composite was 0.75 lower at 262.20, and the Nasdaq composite up 1.70 at 681.74. Trading volume on the NYSE was 134m shares by 1pm.

All week, investors had been sitting on the sidelines, awaiting the April jobs data that they hoped would provide fresh inspiration for stock markets that were badly in need of a new direction. Yesterday's employment report, however, proved to be a disappointment.

The news that in April the civilian unemployment rate remained unchanged at 7 per cent and that non-farm payrolls rose by 119,000, slightly less than forecast, had no discernible impact on market sentiment.

The markets were also hamstrung by concern about developments in central Europe.

FEARS of possible air strikes by the US and its allies in Bosnia, threatening European political and economic stability, and suggestions that support in Denmark for the Maastricht treaty might be waning, unnerved many investors yesterday, writes Our Markets Staff.

PARIS dived steeply after midday on a combination of negative factors: the CAC 40 index finished down 41.92 or 2.2 per cent at 1,878.57, a fall of 3 per cent over the week. Turnover was estimated at FFr7.1bn.

Mr Simon Hopkins at James Capel in Paris commented that while most of Monday's budget measures had largely been discounted, the market was waiting to learn what fiscal incentives would be provided to encourage take-up of the privatisation programme that lies ahead.

The fall yesterday may have been precipitated by disappointing first quarter sales figures published by key blue chips, he added; although some big pension funds were seen coming back as buyers in the post-bourse. Next week he expected a bounce off the support level of 1,870.

FRANKFURT eased, on futures-led selling, amid low volumes as most investors, cautious over the situation in

shares by 1pm.

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Bosnia remained sidelined. The DAX index fell 11.34 to 1,611.92, the lowest level since early February. The index declined a marginal 0.9 per cent on the week, reflecting dull trading. Turnover was DM6.4bn.

Traders said shares were testing lower levels. "We don't know if the 1.600 support will hold," said Ms Barbara Allmann, at B Metzler.

Commerzbank was one of the hardest hit, falling DM23.0 to DM22.0. The bank announced a 25 per cent rise in first quarter operating profit yesterday, but investors were disconcerted that it had lost DM220m in bad loans to Haindl Holdings, the ailing Danish group.

MILAN edged marginally higher, but was restrained by weakness in Fiat and book-squaring ahead of the end of the May account next week. The Comit index added 2.32 to 543.08, for a weekly rise of 3.2 per cent.

The successful passage last night of parliamentary votes of confidence on the government of Prime Minister Carlo Azeglio Ciampi was viewed by the market as a near certainty.

Fiat, down 1.80 to 187.45 after hours, was depressed by figures showing a 28 per cent drop in Italian car deliveries in April, while speculation contin-

ued about a sharp fall in the dividend when the company reports on May 31.

Generali, which soared 1.60 or 3 per cent to fix at 183.90, edged back on the kerb to 183.40 after hopes began to fade that the insurer would announce a bonus issue along with its results later.

Olivetti shed 1.80 or 4.7 per cent to fix at 11,857, before L1.855 after hours, ahead of the launch of its capital rise.

ZURICH was easier with Roche providing one of the few bright spots. The SMI index shed 4.8 to 2,160.8, for a 1.4 per cent rise on the week.

Roche confirmed the advance that has taken the bearer shares 12.2 per cent higher over the past two weeks. The company has received recommendations from analysts following its announcement of annual results and medium

volume of 2.9m shares, American Brands put on 3% at \$32% and Loewe added 2% at \$100m.

Airline stocks ran into heavy selling, undermined by reports that Northwest Airlines had fired another shot in the airfare war. AMR, parent of American, fell 1% to 67.64, Delta slipped 1% to \$134.44, and United gave up 3% at 57.74.

Gap Stores rose 1% to \$33.7 in busy trading after several Wall Street brokerage houses upgraded their rating on the retailer's stock in the wake of a rise in Gap's same-store sales during April.

On the Nasdaq market, some leading technology issues were in demand. Lotus Development

rose 1% to \$31.4, Dell Computer added 3% at \$32.4, Borland International firmed 3% to \$26, and Intel put on 3% at \$101.12.

Canada

TORONTO slipped sharply in light trade at midday, weighed down by losses in forestry shares, which slumped in tandem with weakness in newsprint and lumber prices. Gold

shares were higher.

The TSE 300 index slipped 19.84 or 0.5 per cent to 3,774.90 in volume of 36.6m shares.

Weak forestry shares

included MacMillan Bloedel, which slipped C\$3 to C\$19.4.

Deep divisions remain on outlook for Italy

Haig Simonian reports on Milan's fresh start

The surge in prices in Milan this year, with central bank governor, the 1994 budget, being brought forward to July, could be a battle-ground.

The budget will contain some harsh medicine to put Italy's public accounts in order. Although much was achieved under the previous Amato government, the problem of the government deficit has swollen this year, as revenues have fallen below expectations on account of the recession.

For investors looking for short-term performance and confident of timely selling tips, there is probably still some performance left on the back of more upbeat political news.

For the long-term buyer too, the outlook seems remarkably positive. The political picture is changing fast, and economic fundamentals look brighter too.

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minister what he preached as

central bank governor, the 1994

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tations on account of the reces-

sion.

The speed and scale of the

upturn has embarrassed some

of those counselling caution,

with clients chiding their bro-

kers for not telling them to

plough in. "People can get it so

wrong," admits Miss Marie-

Christine Keith, of County Nat-

West, which is publishing a big

Italy study next week. "Gener-

ally, Fiat, Sip and Stet all look

dear, but every time they

weaken, big buyers come back

into the market."

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more upbeat political news.

For the long-term buyer too,

the outlook seems remarkably

positive. The political picture

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fundamentals look brighter

too.

The fall in the value of the

lira will boost exporters, while

the entire corporate sector has

been helped by last summer's

agreement on abolishing the

"scala mobile" wage indexation

system. That, along with the

domestic recession, has

contributed to an extraordinary

slowdown in wage growth, while inflation has

remained remarkably low in

spite of the currency's plunge.

Retail price inflation was 4.2

per cent last month, while

wage growth is running at just

2.9 per cent. "Who could have

believed that as recently as

1991, the Andreotti government

was giving 17 per cent wage

rises to public sector employ-

ees," says one analyst.

ITALY

Share price and index released

100

110

120

130

140

150

160

170

180

190

200

210

220

230

240

250

260

270

280

290

300

310

320

330

340

350

360

370

380

390

400

410

420

430

440

450

460

470

480

490

500

510

520

530

540

550

560

570

580

590

600

610

620

630

AMERICANS

Name	Notes	Price	Yield	1993	1992	Notes	Price	Yield	1993	1992	Notes	Price	Yield	1993	1992	Notes	Price	Yield	1993	1992	Notes	
Abbott Lab.		177.50	2.1	152	140.00	14.00%	McGraw-Hill	14.00	2.4	140.00	13.00	McGraw-Hill	14.00	2.4	140.00	13.00	McGraw-Hill	14.00	2.4	140.00	13.00	McGraw-Hill
Allegany & W.		177.50	2.1	152	140.00	14.00%	Trade Partners	2.0	1.7	140.00	13.00	Trade Partners	2.0	1.7	140.00	13.00	Trade Partners	2.0	1.7	140.00	13.00	Trade Partners
Amoco		150.00	2.0	152	140.00	14.00%	U.S. Gypsum	2.0	1.7	140.00	13.00	U.S. Gypsum	2.0	1.7	140.00	13.00	U.S. Gypsum	2.0	1.7	140.00	13.00	U.S. Gypsum
Arrow Cymco		150.00	2.0	152	140.00	14.00%	Waterhouse	2.0	1.7	140.00	13.00	Waterhouse	2.0	1.7	140.00	13.00	Waterhouse	2.0	1.7	140.00	13.00	Waterhouse
Army T.T.		150.00	2.0	152	140.00	14.00%	Wetzel	2.0	1.7	140.00	13.00	Wetzel	2.0	1.7	140.00	13.00	Wetzel	2.0	1.7	140.00	13.00	Wetzel
Amstar		171.50	2.1	152	140.00	14.00%	Weyerhaeuser	2.0	1.7	140.00	13.00	Weyerhaeuser	2.0	1.7	140.00	13.00	Weyerhaeuser	2.0	1.7	140.00	13.00	Weyerhaeuser
Amtrak		171.50	2.1	152	140.00	14.00%	Winn-Dixie	2.0	1.7	140.00	13.00	Winn-Dixie	2.0	1.7	140.00	13.00	Winn-Dixie	2.0	1.7	140.00	13.00	Winn-Dixie
Amwest		171.50	2.1	152	140.00	14.00%	Witco	2.0	1.7	140.00	13.00	Witco	2.0	1.7	140.00	13.00	Witco	2.0	1.7	140.00	13.00	Witco
Bankers NY		171.50	2.1	152	140.00	14.00%	Wolff	2.0	1.7	140.00	13.00	Wolff	2.0	1.7	140.00	13.00	Wolff	2.0	1.7	140.00	13.00	Wolff
Bartels		171.50	2.1	152	140.00	14.00%	Worley	2.0	1.7	140.00	13.00	Worley	2.0	1.7	140.00	13.00	Worley	2.0	1.7	140.00	13.00	Worley
BB&T		171.50	2.1	152	140.00	14.00%	Wright	2.0	1.7	140.00	13.00	Wright	2.0	1.7	140.00	13.00	Wright	2.0	1.7	140.00	13.00	Wright
Bell Atlantic		171.50	2.1	152	140.00	14.00%	Xerox	2.0	1.7	140.00	13.00	Xerox	2.0	1.7	140.00	13.00	Xerox	2.0	1.7	140.00	13.00	Xerox
Bethlehem Steel		171.50	2.1	152	140.00	14.00%	Yankee	2.0	1.7	140.00	13.00	Yankee	2.0	1.7	140.00	13.00	Yankee	2.0	1.7	140.00	13.00	Yankee
BP		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
CDC		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
CG&I Land Inc.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
California Enrgy		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Chase Manhattan		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Chrysler		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Clipper Ind.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Coastal Ind.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Comcast		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Concourse		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Country Ind.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Crane		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Crown Ind.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
CSX Corp.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Dale		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Eastman		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Emerson		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Ford Motor		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Gen Elec.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
General Inst.		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Hewlett		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Honeywell		171.50	2.1	152	140.00	14.00%	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc	2.0	1.7	140.00	13.00	Zinc
Ingersoll-Rand		171.50	2.1	152	140.00																	

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

LONDON SHARE SERVICE

Weekend May 8/May 9 1993

Many tenants report thefts from offices after IRA bomb

Guards held over City looting

By Our Financial Staff

THREE SECURITY guards were arrested by the City of London police yesterday in connection with theft from buildings damaged by the IRA bomb two weeks ago.

The police said the latest arrests, together with five arrests made last weekend, concerned six burglaries committed in the wake of the bomb blast in Bishopsgate.

Nine "relatively minor" thefts were reported by tenants after they regained access to their buildings five days after the bomb.

Bottles of wine, paintings, fountain pens, Dictaphones and petty cash were among items reported stolen.

"The things that were taken were small in value terms but disproportionately upsetting."

said Mr Chris Manners of Norton Rose, a firm of solicitors, which believes the thefts took place on the Monday after the bomb. "They were often things of sentimental value."

"It's more upsetting than the bomb itself," said one solicitor, whose office was looted and vandalised. He said that when staff returned to the office on the Tuesday after the bombing they found most desks drawers and cabinets had been forced open and drinks cabinets emptied.

Petty cash, cheques, squash rackets, gold pens, luggage and wine were taken from the London office of Blake Cassels & Graydon, a Toronto law firm, which had an office on the 18th floor of 99 Bishopsgate.

"It's crystal clear that widespread pilfering has been going on and that whoever was responsible had the time to go through

the office and decide just what they wanted," said Mr David Glennie, managing partner.

"It's very, very disturbing. It's bad enough to have had your offices sprayed with glass and have suffered other damage with someone coming along and dancing on your grave."

The Banco di Sicilia, which has offices at 99 Bishopsgate, said some paintings were stolen during the bank holiday weekend. Mr Peter Franklin, finance director of Rea Brothers, reported thefts from the merchant bank's offices in Alderman's House, Alderman's Walk, before the building was fully secured.

The thieves, whom he described as "rank amateurs", had jemmied open desks, forced briefcases and taken small items of little value from offices. "They even broke open a coffee machine to steal the money inside, not

realising that the coffee was free so there was no money," he said.

Many of the companies affected said that the large numbers of workers drafted in to clear up the bomb damage had created conditions for opportunistic theft.

Mr David Stedman, managing partner at Penningtons, solicitors, said security in the building had been a problem after the bombing, with different security staff and contractors working for different tenants. "It was very difficult to know just who everybody was," he said.

"It would have been easy for anyone to put on a hard hat and come into a building," said Mr Chris Manners of Norton Rose, solicitors.

Reporting by Vanessa Houlder, Michael Morgan, John Pitt and Emiko Terazono

Insurance cover, Page 7

Move to allow incentives for workers to quit trade unions

By Diane Summers,
Labour Staff

THE GOVERNMENT is to move quickly to strengthen employers' rights to derecognise trade unions and introduce personal contracts.

This follows a Court of Appeal ruling that it is unlawful for workers to be offered financial incentives to give up union membership.

A last-minute amendment to the employment bill going through the House of Lords will make clear an employer's right to withhold a pay increase from any worker who refuses to sign a personal contract.

A separate late amendment to the bill will deal with workers who refuse to transfer to a new employer under the EC Transfer of Undertakings Regulations (Protection of Employment) - known as the Tupe regulations. The current uncertainties surrounding Tupe have been of particular concern to companies bid-

ding to take over work from the public sector.

Last Friday the Court of Appeal ruled that employers' use of financial incentives to workers to leave a union amounted to unlawful discrimination against those who wished to continue their membership.

The court upheld two appeals by members of the RMT transport union and the National Union of Journalists whose employers, Associated British Ports and Associated Newspapers, publishers of the Daily Mail, had offered pay rises to staff prepared to sign personal contracts but not to those who wanted to remain union members.

The Department of Employment said yesterday that an amendment to the trade union reform and employment rights bill would be brought forward at the bill's third reading in the Lords, probably in the next few days. The amendment would "clarify the law to allow employers to derecognise unions if they

so want", said the department.

The move provoked a sharp reaction from unions yesterday. Mr John Foster, NUJ general secretary, said: "This is corruption. They are seeking to change the law with no consultation and no green paper. It is treating judges with contempt." This amendment is a blatant encouragement for firms to derecognise unions and further destroy workplace rights in Britain."

The separate amendment relating to Tupe will mean that any worker who refuses to transfer to a new employer after an organisation is taken over - or work in the public sector is contracted out - will be deemed to have left their job voluntarily.

In the case of *Katsikas v Konstantinidis* in the European Court of Justice in December, it was decided that an employee had a right not to be transferred, but that it was up to member states whether employees had a right to continue to be employed by the previous employer.

Deadline agreed for all-race S Africa elections

By Patti Waldmeir in Johannesburg

SOUTH AFRICA'S main political parties yesterday agreed that the country's first all-race elections would take place within 12 months, a significant breakthrough in constitutional talks.

The 26 parties to multi-party talks near Johannesburg agreed to set an exact date for elections within four weeks and that the poll would be held no later than April next year.

The decision amounts to a commitment to seek rapid agreement on a constitution to govern South Africa in the transition to full democracy, as well as on the basics of a final constitution.

"It's a monumental and gigantic step for millions of people looking for a signal of success in the negotiation process," the African National Congress chief delegate, Mr Cyril Ramaphosa, told journalists. But large differences remain on constitutional issues, and delegates admitted it would be difficult to resolve them in four weeks.

Still, the news will boost public confidence in the negotiations which had become bogged down over procedural issues. Public frustration at the pace of talks has fuelled much recent violence.

Mr Joe Slovo, chief negotiator for the South African Communist party, said the aim was to send a signal to South Africans that "we are on the last mile". He hoped it would "put a fire under us, a deserved fire, to get the process moving with greater urgency".

The rightwing Conservative party and the government of the black homeland of Ciskei objected to the election date, but did not vote against it. The Inkatha Freedom Party supported the deal, which it had previously opposed on the grounds that no date could be set so quickly while vital constitutional issues remain unresolved.

Conferees delegates cautioned that Inkatha's support for the deal did not mean the party was prepared to accept the outline constitutional deal proposed by the ANC and government.

That outline, agreed early this year, involves a multi-party government of national unity to rule until the end of the century, with limited devolution of power to regions, rather than the autonomy demanded by Inkatha.

THE LEX COLUMN

Keeping insiders out

Gartmore's broadside against the stock exchange on insider dealing comes at an unfortunate time for the government. It underlines the weakness in the proposed insider legislation before parliament. The main current problem is not that of defining the offence which is the thrust of the new law. Instead it is one of enforcement. There is some *prima facie* evidence, as Gartmore claims, of insider dealing in Tiphook shares. But the 11 per cent fall in its share price ahead of its profit warning proves nothing. If, as seems likely, no firm evidence turns up, the temptation will be to dismiss the exchange's inquiry as inadequate.

The exchange is hampered both by the limitations on its scope to investigate and the need for proof sufficient to secure conviction in a criminal court. Perhaps because it was primarily designed to satisfy the bureaucratic need to comply with the European directive, the new law ignores this problem. Instead it originally broadened the definition of insider information in a way that threatened to undermine the legitimate work of corporate advisers and stockbrokers. Yesterday's redrafting goes a long way towards addressing this difficulty, but it says nothing new on enforcement.

The exchange itself has rightly picked out two changes which would help. Miscreants would be easier to expose if the authorities had recourse to civil as well as criminal penalties, as is the case in the US. Investigation conducted by one central body would be more effective. That also makes sense given the planned expansion of the legislation to new markets such as derivatives. The exchange's role would diminish further, but this, presumably, is one area where it would be happy to see that happen.

C&J Clark/Berisford

With the slowdown in Shepton Mallet resolved in favour of Clark's continuing independence, the venerable family shoe business will not, after all, be dragged kicking and screaming into the modern corporate world. The decision is a boot in the ribs to Clark's managers and must bruise their motivation. Sadly, shareholders' hopes for a harmonious future look optimistic given Clark's unhappy history. It will be an extraordinary achievement if Clark can rejuvenate itself sufficiently to stage a flotation within five years.

As for Berisford International, the failure of its bid proposal must come

whereby growing confidence leads to a firmer lira, falling interest rates, a reduced budget deficit and blossoming equity and bond markets.

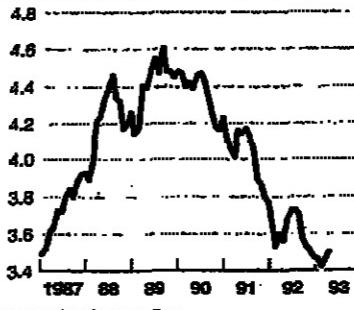
But the Milan market already attaches a high rating to forward earnings while the underlying economy is precariously poised. A forward multiple of around 25 as calculated by Goldman Sachs leaves little to chance as many industrial companies experience tough trading with Italy's largest trading partner, Germany, slipping deeper into recession. There are bound to be more twists in Italy's political saga which will influence the market. Investors must hope that favourable sentiment concerning Italy's political evolution prevails over the lingering economic worries.

UK housing

FT-SE Index: 2793.7 (+7.4)

UK housing

Prices as proportion of average earnings



Source: CML/Dept of Emp

as a bitter blow - especially given that Clark's management had sought the offer in the first place. But it scarcely ranks as a calamity. The company has four other UK manufacturing businesses in the frame and hopes to firm up one of these deals. Berisford's institutional shareholders, who were supportive of the Clark proposal, will at least make allowance for the extraordinary circumstances surrounding its collapse. Sentiment may knock Berisford's shares when trading resumes on Monday, but it would be churlish to hit them too hard.

Italy

Investors are warming to the view that recent political developments in Italy mark a turning point for Europe's third biggest economy which should stimulate development of more attractive capital markets. The likely confirmation of a non-political central banker, such as Carlo Azeglio Ciampi, as prime minister is bound to win applause from investors. This week's appointment of the no-nonsense Antonio Fazio as governor of the Bank of Italy also reinforces Italy's newfound commitment to economic reform, control of inflation, privatisation and a reduced budget deficit.

The Milan stock market has certainly responded enthusiastically. Its 21 per cent rise this year has far outpaced UK, French and German markets. The surge partly reflects relief that nightmare scenarios suggesting economic melt-down as a result of Italy's colossal budget deficit and political turmoil have proved unfounded. Perhaps it also hints at the beginnings of a virtuous circle in future.

What the housing flurry means for the economy at large is a moot point. Higher turnover may have sparked retail sales. But if the recession really does abut, then there are limits to what buyers are willing to pay.

It would, though, be wrong to overegg the excitement. Recovery is likely to prove muted and slow. Prices still have to rise a long way to recapture historic highs. First-time buyers may be abundant but there is markedly less activity higher up the chain with owners snared in the negative equity trap. Stricter credit terms to meet revised mortgage indemnity rules and weak building society margins will also limit credit expansion. There are still some 150,000 unsold empty properties to dampen prices.

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Weekend FT

SECTION II

Weekend May 8/May 9 1993

Spot the anorak on Platform 5

CREWE, Cheshire: the railway junction epitomised. It is 9am on a grey Saturday and people are gathering in knots at the ends of the bleak station platforms, shifting listlessly from foot to foot.

Like others, they are waiting for trains. But two things tell you these are no ordinary passengers. As they peer down the line at an approaching speck on the horizon, they exclaim: "It's a siphon!" "It's a double-header!" or "It's an 87!". And when the speck becomes a train, pull into the station, and pulls out again, it goes without them: they remain on the platform, waiting for the next speck to appear.

These people are trainspotters. No one is quite sure exactly why they do what they do, but Crewe is where they like to do it. As one of the busiest main line junctions in Britain, it draws rail enthusiasts

from across the country. Young and old, rich and poor, they are united by their anoraks, their multi-coloured Biros, and a near-total inability to find a convincing explanation for their behaviour.

History does not relate how train-spotting started, but the Victorian engineer George Stephenson must bear part of the blame. When he put the first engine into service on the Stockton & Darlington Railway in 1825, he not only gave it a name - *Locomotion* - but also labelled it No.1. Once numbers had become established as the accepted method of marking railway engines, it was arguably only a matter of time before someone yielded to the compulsion to start writing them down.

Even so, the hobby might hardly have progressed had it not been for a man named Ian Allan. While working as junior clerk for the pre-nationalisation Southern Railway during the second world war, Allan found himself beset with requests for details of the company's engines. So in 1942, he won permission from the Southern to publish a list of them under the title *ABC of Southern Locomotives*. The book was a runaway success. A trainspotting publishing empire was born.

In the immediate post-war era trainspotting remained an unostentatious hobby, consisting mainly of ticking off numbers in the

the role of the engine driver by watching pre-recorded videos of train journeys shot from the driver's cab, or plan the next day's spotting by dialling an 0898 telephone number for details of interesting traffic movements.

For those with home computers, one railway magazine advertiser offers a disk that contains all UK locomotive numbers and allows users to add their spotting notes and comments. Another offers a programme simulating the operation of Leicester signalbox. ("Full colour on-screen track diagram... you control all traffic movements... wide variety of passenger and freight workings.") A third offers souped-up signalbox simulation incorporating random train delays. ("Even more realistic," the advertisement justifiably claims.)

Meanwhile, the vocabulary of trainspotting has changed with the times. Steam enthusiasts always had affectionate nicknames for different locomotive types: "crabs", "semis", "spare cans" and so on. Now a new set of names, similarly obscure in origin, has sprung up for today's diesels and electrics: "duffs", "spoons", "hoovers", "siphons", "goyles" and "rats".

Spotters themselves have long been known as "gricers" - according to one theory, after a champion spotter named Richard Grice. But

beneath this general heading, sub-

Out at the south end of platform 6 stands a middle-aged man in blue anorak, blue jeans, flat cap and - oddly, given the overcast sky - dark glasses. He declines to give his name ("I'm anonymous, that's the way I am") but admits to being a bookkeeper for a tank storage depot in Birkenhead.

"I have never lost the ability to stand at the end of a platform for six or seven hours at a time," he says. "My philosophy is that it's important to have a hobby in life. I

feel sorry for people who jeer at us and have nothing of their own."

Well, a hobby, yes. But why train-spotting?

"There is infinite variety in the railway scene. Engines are chameleon-like. People complain that some of them are 30 years old, but they're always being repainted, repainted or rebuilt..." He is distracted by a movement of rolling stock further up the tracks.

"Yes, there is always the unexpected in this hobby... seeing something in an unusual location... you never know what's going to happen." Then, suddenly:

"There! Look at that! A Network SouthEast loco coming out of the siding!" He whips out a pair of binoculars, clasps them to his eyes, and feverishly writes down the number. "There you've got it, you see - a whole panoply of change."

Nearly 13-year-old Liam White from Warrington - grey anorak, blue jeans, red hair and freckles - has identified an approaching speck as a class 87 electric loco hauling a northbound express. He knows it is a class 87 because he can make out two windows on the front of the cab. Three windows, and it would be a class 86.

"I've been doing it for five months," he says. "Me and a friend, we're seeing who can get the most numbers. I've got two more than him - nearly 1,000. We usually go to Warrington Bank Quay, but I've come down here to get some more."

But what is to stop his friend just crossing off a few numbers while Liam's back is turned?

"That'd be cheating, if he crossed one off."

So?

"Well, if he crossed off 58020 I could say to him: 'You can't have seen that because it wouldn't have gone through Bank Quay'."

But couldn't he claim it was passing through the station on an, er,

unusual working?

"No, it's too big."

Down the other end of the platform, 30-year-old Ray Cavanagh - blue anorak, blue jeans, a store-keeper from Birkenhead - has a camera round his neck. "Some people take numbers, I take pictures," he says. His attention is caught by an approaching rumble. "I'll just take a picture of this. I'll be back."

The rumble is a trainload of several hundred enthusiasts being hauled by a class 37 diesel locomotive from Bristol to Holyhead and back. The weather is chilly but because the engine is a goods locomotive, it is not fitted with train heating equipment. It would not make any difference if it was, because all the windows are open so that the passengers can lean out and listen to the engine.

Ray takes a photograph, then returns to explain the lure of spotting. "It's good fun travelling around and seeing places you haven't seen before. You meet interesting people, and you can tell them what you've seen, and they can tell you what they've seen." Then, perhaps aware that all this may sound a bit lame: "Personally, I could never understand the attraction of sitting on a riverbank for hours on end waiting for something to grab your hook."

This is a common response among trainspotters. Unable to rationalise their obsession, they tend to fall back on the excuse that is no worse than doing something else. Hence, when a spotter on platform 5, a civil engineer named Keith Slaney, is asked what his wife thinks of his continual absences on spotting excursions, he says: "I think she'd rather it was trains than another woman."

Keith is one of a dozen or so representatives of the West Yorkshire branch of the Rail Correspondence & Travel Society, apparently a club for people who cannot help wearing anoraks. Interestingly, today's

■ Continued on Page VIII



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the role of the engine driver by watching pre-recorded videos of train journeys shot from the driver's cab, or plan the next day's spotting by dialling an 0898 telephone number for details of interesting traffic movements.

For those with home computers, one railway magazine advertiser offers a disk that contains all UK locomotive numbers and allows users to add their spotting notes and comments. Another offers a programme simulating the operation of Leicester signalbox. ("Full colour on-screen track diagram... you control all traffic movements... wide variety of passenger and freight workings.") A third offers souped-up signalbox simulation incorporating random train delays. ("Even more realistic," the advertisement justifiably claims.)

Meanwhile, the vocabulary of trainspotting has changed with the times. Steam enthusiasts always had affectionate nicknames for different locomotive types: "crabs", "semis", "spare cans" and so on. Now a new set of names, similarly obscure in origin, has sprung up for today's diesels and electrics: "duffs", "spoons", "hoovers", "siphons", "goyles" and "rats".

Spotters themselves have long been known as "gricers" - according to one theory, after a champion spotter named Richard Grice. But

beneath this general heading, sub-

Out at the south end of platform 6 stands a middle-aged man in blue anorak, blue jeans, flat cap and - oddly, given the overcast sky - dark glasses. He declines to give his name ("I'm anonymous, that's the way I am") but admits to being a bookkeeper for a tank storage depot in Birkenhead.

"I have never lost the ability to stand at the end of a platform for six or seven hours at a time," he says. "My philosophy is that it's important to have a hobby in life. I

feel sorry for people who jeer at us and have nothing of their own."

Well, a hobby, yes. But why train-

spotting?

"There is infinite variety in the railway scene. Engines are chameleon-like. People complain that some of them are 30 years old, but they're always being repainted, repainted or rebuilt..." He is distracted by a movement of rolling stock further up the tracks.

"Yes, there is always the unexpected in this hobby... seeing something in an unusual location... you never know what's going to happen." Then, suddenly:

"There! Look at that! A Network SouthEast loco coming out of the siding!" He whips out a pair of binoculars, clasps them to his eyes, and feverishly writes down the number. "There you've got it, you see - a whole panoply of change."

Nearly 13-year-old Liam White from Warrington - grey anorak, blue jeans, red hair and freckles - has identified an approaching speck as a class 87 electric loco hauling a northbound express. He knows it is a class 87 because he can make out two windows on the front of the cab. Three windows, and it would be a class 86.

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The Long View / Barry Riley

End of the City gent



AN IRA bomb may have blown out the windows, but it is a combination of deregulation and competition that threatens to destroy the heart of the City of London.

Two of its greatest institutions, the Stock Exchange and Lloyd's, are in deep trouble. The coffee house origins of Lloyd's and the Stock Exchange go back to 1688 and 1773 respectively - so a lot of history is at stake. That both institutions are in distress at the same time cannot be coincidence, and is telling us something important about the City and its place within the international financial markets.

For centuries the City's financial industry has been protected by the British government. This was a key aspect of British colonialism: the finance and trade of the empire would be controlled through London, leading to thriving markets in insurance, banking, securities and commodities.

Such matters are comprehensively treated in a two-volume history *British Imperialism* by P J Cain and A G Hopkins. The authors develop the concept of "gentlemanly capitalism" to explain why the UK grew a top-heavy financial system and exported financial services where other countries concentrated on industrial or agricultural goods.

From the beginning, they argue, social status was conferred by involvement with aristocratic and imperialist pursuits, leading to an exaggerated role in the UK for the professions and the Civil Service, especially colonial administration. Manufacturing industry, concentrated in the socially subordinate north of the country, was tolerated for the wealth it created but was regarded as a threat to the established social order and, with its huge workforce, as a breeding-ground for socialism.

These issues have repeatedly surfaced throughout recent British history. In 1980, for instance, the Macmillan Committee observed that "in some respects the City is more highly organised to provide capital to foreign countries than to British industry". The second

world war, however, caused a huge loss of Britain's overseas wealth and led to a crippling framework of high tax rates and foreign exchange controls which was not finally dismantled until Thatcher arrived in 1979.

At Lloyd's, ironically, this postwar framework eventually created an enormous boom. Aided by favourable legislation, and a nod and a wink from the twin man, it was able to exploit loopholes on an ever-increasing scale. At home the wealthy Names saw an opportunity to avoid high taxes and exchange controls, while regulatory anomalies in the insurance business overseas (especially in the US) offered lucrative opportunities. By the 1970s, however, huge profits were corrupting the fragile gentlemanly ethics in Lime Street. During the 1980s the rapacious US legal system pounced on a soft target by raising fines and penalties (on asbestos cases, for example) to levels undreamt of by Lloyd's underwriters.

Lloyd's had expanded disastrously out of its original niche in the insurance of ships and had blundered into too many areas it did not understand. It thrived while protected by the old traditions of the British Empire, but what now? Its bleak choices amount either to a retreat to whatever is left of its marine and aviation niche, or an attempt to compete on equal terms with insurers around the globe. Being gentlemanly will not be enough.

The similarities between Lloyd's and the Stock Exchange are far from complete. Both have been protected by legislation, being allowed a tremendous degree of self-regulation. Both were clubby and inward-looking, with strong links to the upper class social network. Both kept out corporate interests by insisting on unlimited liability.

Unlike Lloyd's, however, after the second world war the London Stock Exchange could find few loopholes and it was forced to suppress its international ambitions. It survived by refining its domestic monopoly, but that made it unable to respond to the opportunity

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*Source: Mergers, net income reinvested, 1.1.86 - 26.4.93. †Source: Mergers, net income reinvested, 3.8.92 - 26.4.93.

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A horse and cart journey through old Transylvania

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Arts

MARKETS

London

Local boy makes good: official

By Peter Martin, Financial Editor

The FT has received the following transcript, which appears to be a speech by a local dignitary in a small town in northern Cyprus.

FELLOW Citizens, we gather today to welcome back to his homeland our country's most distinguished businessman, Mr Asil Nadir.

His return fills our hearts with joy. Yet again we have triumphed over the bungling and incompetence of our former colonial oppressors. It is splendidly ironic that Asil Nadir's persecutors should carry the name of the Serious Fraud Office, when the world knows they are about as serious as the Keystone Kops.

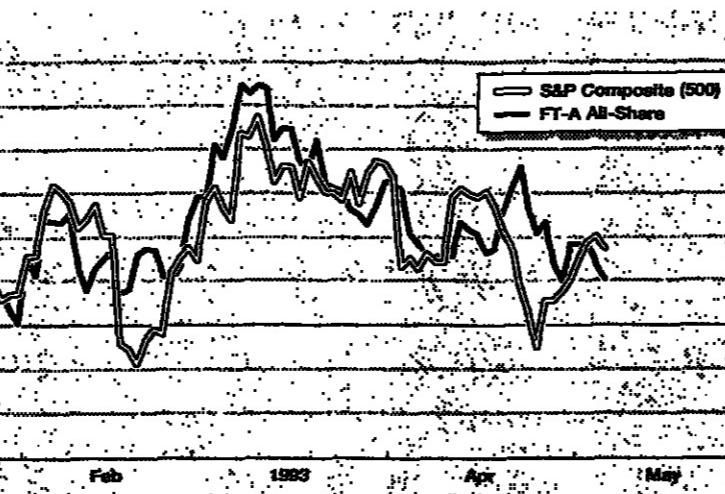
It would be wrong to let this occasion pass, however, without devoting a few moments' thought to the deeper issues that underlie Asil's presence here among us.

I refer, of course, to the lamentable performance of the London stock market. Not only has the £2bn at which Polly

Peek was valued in 1990 disappeared into thin air - something which can only be attributed to the machinations of those faceless conspirators known as "the institutions" - but there have also been more recent unhappiness.

Since the beginning of the year, shares in Spring Ram have dropped by 35 per cent, those of Fisons by 31 per cent, and those of Tiphook by 30 per cent, to mention only three of the worst performers among that rogues gallery known as the FT-SE Actuaries 350. All three of these have undergone misfortunes of various sorts - accounting upsets at Spring Ram, continued product problems at Fisons, and accusations that there might have been insider trading in the run-up to a profits warning by Tiphook.

To us, perhaps, those are little-known companies in a far-off land. Others, however, with reputations that extend as far as Larnaca, have also suffered: Glaxo is down 25 per cent, Boots down 22 per cent



and Sainsbury down 20 per cent.

This has happened at a time when the random ragbag of numbers which pass for British official statistics has indicated an end to the recession of which Asil Nadir was so prominent a victim.

It is scarcely surprising, perhaps, that our brother Asil chose to turn his back on Britain in the week when the FT-SE 100 index has dropped another 26.8 points, falling on three successive days, to close the week at 2733.7, only 3 per cent higher than a year ago.

Nor is that all. Sterling, which managed a pitiful recovery from its lows of late February, has failed to make a decisive crossing of the DM20 level. As you know, London is a primitive place, where the necromancers they call currency analysts are given a credence way beyond their predic-

tive powers. We know better than to trust such foolishness. But for what it is worth, some of these soothsayers now believe that sterling's forward momentum has faded, and that the prospects of further appreciation are limited, in the short term at least.

Similarly, long-term interest rates have continued to rise. The yield on the 10-year government bonds known as "gilts" is still 8.08 per cent, showing only the most minuscule improvement over the previous week. The outlook for short term interest rates is also uncertain, with many people fearing that a summer pickup in inflation may force a rise, even though such rates are falling elsewhere in Europe.

Perhaps the dire performance of the Major puppet regime in Thursday's so-called council elections will lead the government instead to panic rush to cut rates in the next few weeks; we shall see.

Note the way in which London share prices have broken away from the pattern established in Wall Street, that for more important market across the sea. Since late April, US share prices have moved upwards; those in the UK have resolutely refused to take such a path, continuing the scarcely broken downturn established in early March.

In short, our brother Asil has little to regret in his heroic decision to leave a place that has caused him so much pain.

Still, many of our fellow-countrymen remain trapped there, often by mortgages worth more than the north London houses on which they are secured.

Alas, that imprisonment may

linger. This week, I fear, has seen some signs that UK inflation may not rise as much as our imprisoned mortgage-holders might wish.

One such example: suncream, that vital commodity to all who visit our beautiful beaches, has become the subject of a price war between Boots, which supplies 47 per cent of UK demand, and Superdrug, which is prepared to surrender some profit in order to gain market share. Similarly, Durex Line, the Royal Bank of Scotland's low-cost insurance subsidiary, is taking its own price-war into other sectors of financial services. As long as such battles are at work, UK inflationary pressures are likely to remain lower than desired by those of our compatriots with mortgages to repay.

We salute our comrades' hostages to the British disinflationary process. And we express solidarity with all other such hostages, including those shareholders trapped by the forced levy known as the "right issue". Yet again this week innocent law-abiding citizens, wishing nothing more than to enjoy their dividends in peace, have been forced to send cash the other way, contributing £40m at the metaphysical equivalent of gunpoint to Royal Insurance's coffers. A further such ransom demand is on its way from Zemex, the ICI subsidiary. Is this fair, fellow citizens?

It is not. Surely, Asil Nadir deserves our praise and admiration for so decisively rejecting the tired mores of a discredited mercantile clique. We cheer his return among us, to enjoy in peace the fruits of his labours in foreign fields. Brother Asil, welcome home!

worst, if the stock market falls, or fails to rise, over the next five years, the investor will receive 60 per cent of capital back (at the 8 per cent income level) or 50 per cent (at the 10 per cent level).

Many investors have become used, in the high interest era of the early 1990s, income to double digit percentages. This represents both a problem and an opportunity for the industry. The problem is that, with base rates at 6 per cent and equities yielding 4 per cent, achieving a 10 per cent income is tough. But the opportunity is that, if a company can devise a way of paying 10 per cent, the world might beat a path to its door.

Common sense tells us that, by aiming for a higher income, you accept a higher risk. Normally, income comes at the expense of capital and indeed in some products, capital loss is automatically built into the structure.

It is possible, occasionally, to get round this difficulty by exploiting an anomaly in the market. The forthcoming investment trust from Ivory & Sims does so by making use of the £5,000 annual capital gains allowance to give investors tax-free income. (The trust does have its risks, however, which more when it is launched.)

Hypo Foreign & Colonial has already achieved success in raising money with a unit trust that uses futures and options to achieve a 10 per cent return. It will be interesting to see whether this trust can achieve that level of income without losing capital.

S&P is the latest to test ingenuity on the market with a "high income bond" which bears many similarities to a product launched by Acuna last month.

The bond offers a choice of income levels - 8 per cent or 10 per cent, net of basic rate tax. These income levels are guaranteed. However, the capital value of the bond is dependent on the UK stock market. At

8 per cent of occasions.

The higher growth rate of 60

per cent - needed to repay the capital of those who opt for the 10 per cent income level - was achieved on only 54 per cent of occasions. However, S & P offers a "lock-in" facility if the 60 per cent growth rate is achieved at any time over the five years. Over the 1984-1983 period, this increased the chance of reaching the hurdle rate to 67 per cent.

What happens if the stock market grows by more than zero, but less than the hurdle rate of 25 or 60 per cent? The investor would receive less than the original capital back.

These income levels are guaranteed. However, the capital value of the bond is dependent on the UK stock market. At

8 per cent of occasions.

The chances of getting your

money back are rather better

than they were for some of the other products of this type - the Scottish Widows annuity. Pep launched last year

required a 13 per cent growth rate per annum to repay capital. On S & P's 8 per cent

income option, the FT-SE 100

has to rise at a more modest 4.56 per cent per year. Put

another way, FT-SE would

have to reach 3500 by 1993, a

not unreasonable target.

So retired basic rate taxpayers who want income might consider the product. But as with all the other attempts to market high income products, investors should buy only if they understand the risks.

Serious Money

Investing for income: consider the risks

By Philip Coggan, personal finance editor

index rose 12.5 per cent, the investor would get 80 per cent of the original capital repaid.

If the market grows by more than the hurdle rates over the five years, investors are not entitled to any of the excess.

Nor do they benefit from FT-SE 100 Index yield; like most other guaranteed products, they return the capital growth of the index only.

An example may help. If you invest £10,000 and take the 10 per cent option, you will get £1,000 a year for five years. If the market falls over the period, you will be repaid £5,000. If it rises by 30 per cent, you will be repaid £7,500. If it rises by 60 per cent at any time, you will get £10,000.

Income can be paid quarterly or annually. The minimum investment is £2,500 (£5,000 for those who want quarterly income) and there are no additional fees. Higher rate taxpayers may face an additional tax charge, reducing the returns to 6.9 per cent or 8.62 per cent respectively. The offer runs from May 17 to June 25.

Is it a good deal? Only if the stock market does rise enough to pay back your original investment. Otherwise, you are merely turning your capital into income - and you can do that for yourself via the building society.

The chances of getting your money back are rather better than they were for some of the other products of this type - the Scottish Widows annuity. Pep launched last year required a 13 per cent growth rate per annum to repay capital. On S & P's 8 per cent

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Wall Street

Stocks languish under the weather

Dow Jones Industrial Average



Source: FT Graphite

returns.

The strong run from Amex stocks aside, investors remain confused about the outlook for equities and corporate earnings, and their recent behaviour has been particularly skittish.

Cable television stocks were a good example this week. On Tuesday, buyers rushed to the sector after analysts judged that the new industry regulations, unveiled by the Federal Communications Commission late on Monday, looked as if they were going to be less onerous for cable TV companies than had been feared originally.

A string of big cable TV stocks rose handily on this news, including Time Warner, Cablevision, Comcast and Tele-Communications Inc. (Time Warner was given an additional lift by rumours in the market that Warren Buffett, the billionaire reknowned for his canny investments, had bought a 5 per cent stake in the company. As of yesterday, the rumour had not yet been confirmed.)

The rally in the cable TV sector, however, proved extremely short-lived. On

Wednesday, the buying gave way to heavy selling, and all the stocks that had recorded big advances on Tuesday gave most of their gains back as some leading industry analysts backed away from their initial judgment, warning that it was too early to tell what how the new regulations would effect cable TV companies.

There was a similar display

of investors' nerves in airline stocks this week. On Monday the big three - Delta, AMR (parent of American Airlines) and UAL - rose sharply, on hopes that the airline industry may have got over the worst of its slump.

By yesterday, however, AMR, UAL and Delta share were back in the doghouse as investors suddenly got nervous about what the latest outbreak in the air fare wars might do to the industry's bottom line.

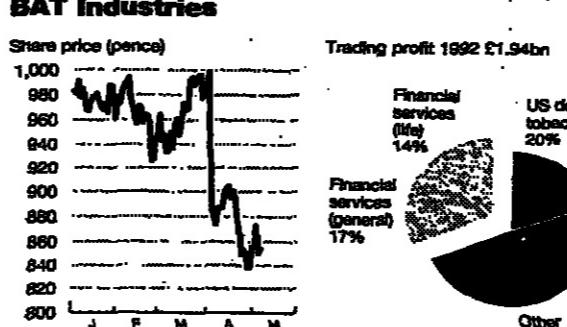
Patrick Harverson

Monday 3446.46 + 18.81
Tuesday 3446.19 - 0.27
Wednesday 3449.10 + 2.91
Thursday 3441.90 - 7.20
Friday

The Bottom Line

Smoke signals from price war

BAT Industries



Source: Datastream

market. NatWest Securities points out that even in the unlikely event of all US domestic tobacco profits being wiped out this year, the group could still increase its dividend by 8 per cent and cover it 1.6 times.

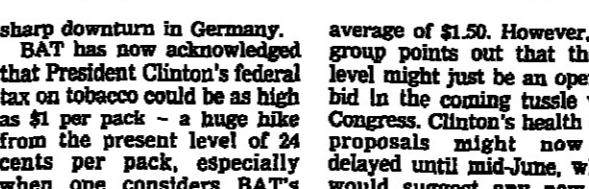
A prospective yield of 5.8 per cent puts them on a yield premium of more than 30 per cent.

Some investors may consider the time has come to get out of tobacco, given the US uncertainties. However, BAT is expanding strongly overseas and sees huge growth potential in markets such as eastern Europe and Asia.

One reason the group pioneered the enhanced scrip dividend was its confidence that it could better invest the cash in tobacco businesses, which enjoy a return on assets of more than 20 per cent.

There is certainly a macabre complementarity to selling cigarettes and insurance policies. For investors who do not find the tobacco trade distasteful, the shares look undervalued on fundamentals.

Andrew Bolger



average of \$1.50. However, the group points out that the \$1 level might just be an opening bid in the coming tussle with Congress. Clinton's health care proposals might now be delayed until mid-June, which could suggest any new tax could not be imposed before

House prices rose 1.6 per cent in April

House prices in the UK rose by a seasonally-adjusted 1.6 per cent in April, the largest monthly increase for more than four years, according to Halifax building society this week.

This follows a 1.4 per cent rise reported by the society in March. The average price of a home at the end of April was £33,144, which was still 2.3 per cent lower than during April last year. Halifax says the figures "could be a sign that house prices may well start to increase earlier than most analysts have anticipated".

But Nationwide, the second largest building society, found only a modest rise in prices of 0.1 per cent in April, following a 1 per cent increase in March.

Investment trusts tempt savers

Money flowed into investment trust savings schemes in the first quarter of 1993, with £48.14m invested, the highest total for a single quarter. The inflow came after investment into such schemes dipped slightly last year. Lump sum investments were mainly responsible, totalling £25.13m compared with £21.72m in the fourth quarter of 1992.

FINANCE AND THE FAMILY

Shedding light on share deals

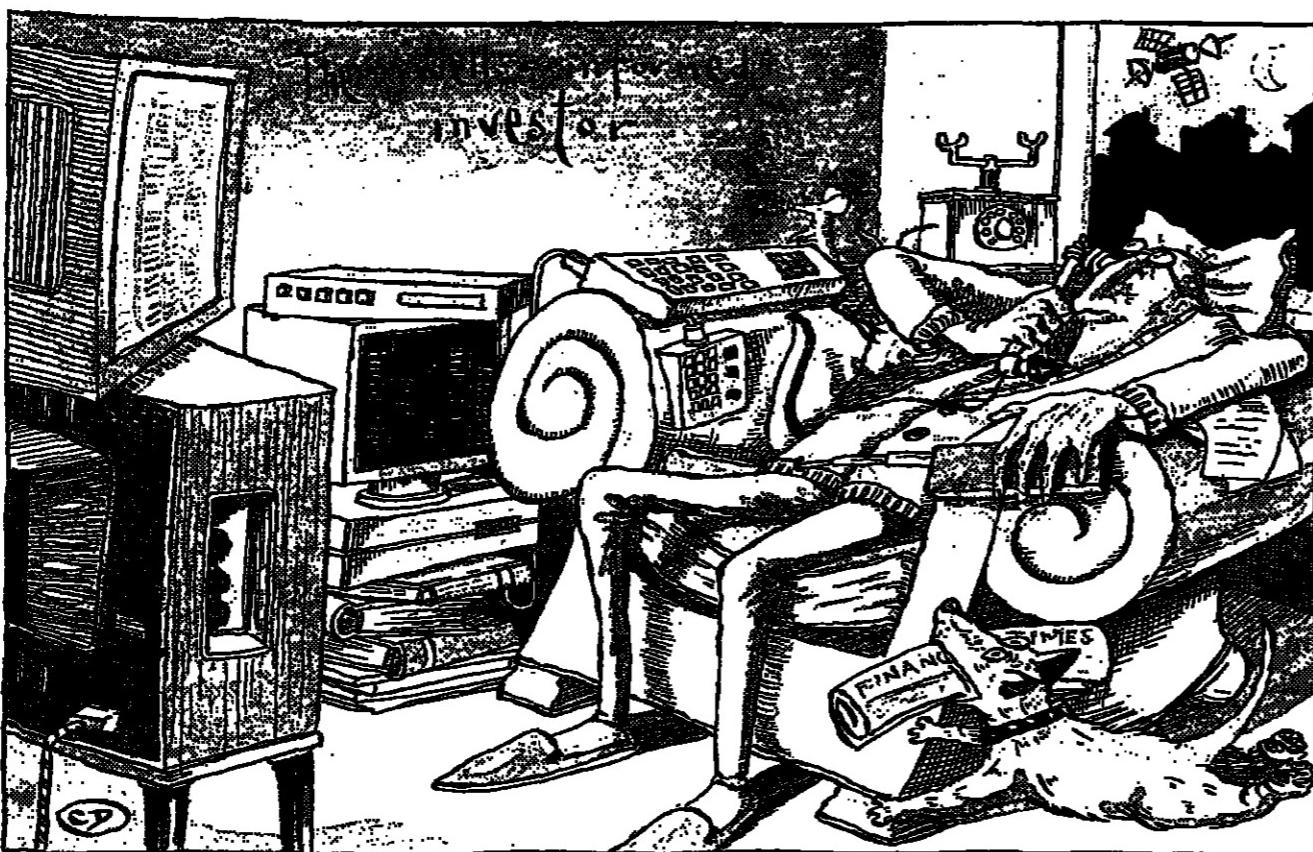
Individual investors can look forward to better information services, says Peter Martin

UNTIL NOW, individual investors who want to find out what is happening in the stock market during the trading day have had to choose between cheap but limited information services and professional data that comes with a price tag worthy of Threadneedle Street. But recent changes in the management of Topic, the London Stock Exchange's electronic information service, will improve the situation.

The exchange is handing over Topic to two commercial companies: Telekurs, controlled by the big Swiss banks, and ICV, an entrepreneurial company based in Woking, Surrey. Telekurs is likely to concentrate on a relatively small number of big customers who want an all-singing, all-dancing service. It is the ICV offering, Topic 3 - due to open in the autumn - that could have appeal for active individual investors.

ICV already puts out a service called Market-Eye, which provides real-time prices on all quoted UK equities. This comes as a package made up of television set plus decoder and keypad. The share prices are transmitted by the BBC in a spare part of the normal television signal.

The service costs a private investor £250 a year, plus £1.150 to buy the decoder (which can also be rented for £350 a year). Traded options



prices from Liffe cost another £250 and a service called Data-load, which allows subscribers to download share prices directly into their personal computers, another £250.

The service offers "level one" share prices - that is, the best

bid and offer. Unlike Topic, Market-Eye does not include the fuller "level two" prices which show marketmakers' individual prices and the sizes of bargain for which those prices are firm. On Market-Eye, shares belonging to com-

panies which have made stock exchange announcements during the day are marked. But subscribers wanting to find out what the announcements are must call their broker or the company.

This would quickly become

tedious given the number of routine announcements made by large companies but David Taylor, ICV's managing director, says the company is considering adding a basic news service to Market-Eye which would give subscribers the gist

Meanwhile, for those who simply cannot wait . . .

FOR INVESTORS with more modest information needs, a wide variety of services is available already - some of them free. They include:

■ Teletext
This is the service that comes free with the television signal if you have a set with teletext facilities; typically, these cost about £100 more than basic sets.

The BBC service, Ceefax, provides prices of 500 shares, updated six times a day. While this is adequate for keeping a casual eye on the market, it is not really frequent enough to use for decision-making - especially as the updates are delayed, so

the prices are never really current. (The restrictions are imposed by the stock exchange, which regards its real-time prices as one of its most valuable assets and does not want to make them available without payment).

Ceefax also provides financial news headlines, real-time foreign exchange prices from NatWest, and real-time traded option prices from Liffe. It carries some personal finance information, such as credit card interest rates.

Share prices can be found on Ceefax page 220 on BBC1; the index is on page 200. A slower but more comprehensive service is available on BBC2.

The ITV and Channel 4 teletext service, known formerly as Oracle and now as Teletext UK, offers more than 350 (delayed) share prices, plus company news and market indicators. The index can be found on page 500 on Channel 4.

■ Telephone services

There is a wide variety of automated voice information telephone lines which offer a surprisingly sophisticated range of services, the FT's Cityline being one. Cityline provides automated real-time prices which you can dial from any sort of phone, no matter how old-fashioned.

Each Monday's edition of the paper

provides a Cityline code for shares in the FT's London Share Service; you dial the Cityline 'phone number with that code tacked on the end and get straight through to the share price of your choice, delivered in a slightly choppy but perfectly clear robot voice. Other newspapers offer a similar service. No subscription is required: you pay by the call.

Cityline also offers some extras for people who have multi-frequency telephones (most of those bought in the past few years can become multi-frequency ones by turning a switch from "pulse" to "tone," although this works for normal calls only if you are connected to a digital exchange).

These additional services include access to FT unit trust prices and net asset values, which are updated once a day between 8 pm and 9 pm; and the ability to construct a portfolio of your own shares so that, when you call up using a personal access code, you can get an instant valuation of the total portfolio and step through the individual prices one by one.

Cityline charges, which show up in your telephone bill, are 36p during off-peak hours and 48p a minute at other times. There is no extra charge for the portfolio service.

■ Further information: FT Cityline, tel. 071-373 4378.

Watchdog hits at quality of loan advice

Scheherazade Daneshku on a new Consumers' Association survey

of each announcement. They could then decide whether to investigate further.

BT's Citi-Service, a rival to ICV, already offers a news service. For £25 a quarter and a connect charge of 35p a minute, it provides real-time bid and offer prices for all shares quoted on the stock exchange automated quotations system (Seag). If you have a computer and a modem, all you need to connect is Prestel communications software - £25 to Citi-Service subscribers. An additional £15 a quarter allows you to construct your own portfolio of up to 100 shares. Because of the design of the Prestel system, however, you cannot easily download to a computer database or spreadsheet.

More active (and affluent) investors might want to wait for Topic 3 which will be delivered via satellite and will offer a much fuller service, including "level two" prices and the stock exchange news service of company announcements. It will also carry the "closed user groups" now provided on Topic; these are private pages made available to their clients by stockbrokers.

Taylor says subscriptions probably will cost around £500 a year, including renting the terminal. But there will be no telecommunications costs,

an important consideration for subscribers who live some distance from London. The expense of the present Topic service is increased greatly by the cost of the leased telephone lines needed to receive it, which are priced according to distance.

■ Further information: ICV, tel. 0432-726 726; BT Citi-Service, 0800-200 700.

perform well enough to pay off mortgages. *Which?* says advisers should have pointed out there was a risk they might not - especially since life companies have been cutting bonuses.

Even when asked which type of mortgage would be better if the potential buyer was to sell his house and move abroad within a few years, endowments were recommended as the best option in 87 per cent of cases. This is not the best advice, since the buyer would have to continue paying premiums into the endowment policy from abroad even after selling the property.

The few companies which suggested, correctly, that a repayment mortgage would be better in such circumstances were Alliance & Leicester, Bradford & Bingley (which recommended a mortgage linked to a personal equity plan for its flexibility), Halifax, National & Provincial, Northern Rock, Royal Bank of Scotland, and Slater Hogg Mortgages in Edinburgh.

Endowments are a major source of profit, and it is clear that employees are encouraged to sell them," says *Which?* But one heartening finding was that most staff resisted the temptation to "churn" - advising customers to cash-in their existing endowment policy and take out a new one.

They were asked by researchers, posing as husband and wife, what should be done with her existing endowment policy since the couple wanted to buy a more expensive house.

But the researchers found that when repayment mortgages were discussed, the tendency was to focus on their drawbacks compared with endowments. Lenders where this tendency was particularly marked included Abbey National, Bank of Ireland and Barclays bank.

Which? also says that "advisers frequently twisted the facts to recommend endowment mortgages." Some staff said an endowment guaranteed to pay off the mortgage - which is untrue. This claim came from Abbey National, Bank of Scotland, Derbyshire BS, Leeds & Holbeck BS, National Westminster and TSB.

Although it is probable that most endowment policies will

ISIS FROM IVORY & SIME THE CASE IN BLACK AND WHITE

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The Monthly Income Plan aims to:

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YOU'RE IN GOOD COMPANY

The plans will invest exclusively in the Ivory & Sime ISIS Trust plc which will be managed by Ivory & Sime, one of the UK's leading investment trust managers. Tracing its origins back to 1895, Ivory & Sime now has over £3,300 million entrusted to its care as fund managers.

ISIS
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FINANCE AND THE FAMILY

Cut the waffle, just tell me the price

SIB aims to reveal the true cost of investment products, reports Norma Cohen

THAT A picture is worth a thousand words is the basic concept underlying the latest plans to make it easier for investors to understand what they are actually buying.

The Securities and Investments Board, the City of London's chief watchdog, last week issued consultant's report outlining proposals aimed at setting an easy to comprehend price-tag on some of the most sophisticated products consumers buy.

Tim Miller, the consultant, has proposed that instead of viewing complicated tables showing expenses and projected returns, potential investors will be shown a graph.

A graph for, say, a 25-year endowment would show the value of the policy in each year of its life, assuming three things: first, that you continue all premium payments; second, that you cash it in and suffer the effects of charges and expenses; and third, what investment returns would look like if there were no expenses and charges.

The difference between lines num-

ber two and three represents the price-tag. This would clearly show that within the industry there are wide differences in just how much each product actually costs.

The current SIB proposals on what people should be told before they buy a product have many shortcomings, Miller argued.

Among these is the fact that the proposals, including the so-called "key features document" intended to set out charges for investors, contains 735 words.

Miller claims that his chart will cut the number of words needed to explain a complex product, such as a long-term endowment policy or a unit trust, by as much as 75 per cent.

Miller, who is the former marketing director at M&G Group, Britain's largest manager of unit trusts, makes several proposals on how the costs of unit trusts should be disclosed.

These will provide less initial information than has been previously available and will eliminate the 14-day cooling off period during which customers are allowed to cancel their contract without penalty. However,

Miller argues that investors will be compensated for this lack of information in other ways.

Miller says that sales agents should be required to use "forward pricing" in charging the customers. That is the price per unit on the morning following the sale agreement, rather than its price on the morning of the day on which the sale is agreed.

Thus, if the stock market is strong, investors will pay more for their units but will be protected against at least some losses in a falling market.

He also suggests a formula which has been much debated in the unit trust industry, that of showing investors a single price.

Under the current system, three prices are displayed: offer, bid and cancellation. The difference between the offer price (at which investors buy) and the bid price (at which investors sell) represents the cost to the customer.

Miller says that any confusion on cost which may arise out of single pricing is likely to be alleviated by his other proposal, which is to require companies to provide each customer

with a prospectus. This would apply to unit trust as well as life insurance products and would spell out more clearly exactly what the charges are.

Meanwhile, Miller considered but rejected two controversial proposals which consumer groups have been pressing for in recent years.

He argues that both are sensible ideas which would limit the sale of products to investors for whom they are clearly unsuitable, but says that there are practical difficulties with both.

The first is "unbundling", the separation of the investment aspects of an insurance product from the life protection element. Although products frequently carry the appellation of insurance, in fact the life insurance element makes up the smallest part of the premium paid.

Miller says that although unbundling could be done in theory, it could make graphs more difficult to read and thus be counterproductive.

Also, Miller considered, but rejected, the outright banning of the sale of certain combinations of products.

In particular, he has his eye on home income plans, in which mostly elderly people are induced to take out a mortgage on their home and invest the proceeds in mortgage endowment plans. "Certainly there would be far fewer cases of unsuitability if there were no endowment mortgages," Miller said.

However, Miller says that this would be tantamount to making repayment mortgages mandatory. But what would be wrong with that, many investors may well ask? After all, repayment mortgages are the staple product of the US mortgage market and that fact appears to have no adverse impact on home sales in that company.

Finally, Miller suggests that when an investor comes face to face with a sales agent, the agent should be required to describe himself specifically as a sales agent, tell the investor who he works for and who pays him, and outline exactly what he is allowed to sell.

It is difficult to believe that up until now, any other rules have been allowed to prevail.

Artistic lifeline for Names

WITHIN THE next few weeks Lloyd's Names will receive a letter outlining the size of their personal liability to the losses of their battered syndicates. The word is that more people will be affected than last year, with a shortfall in excess of £25m to be gathered in by the early autumn.

In the last week many Names will have received another letter, this time from Sotheby's, the London auction house, offering condolences and offers of assistance.

Sotheby's first became involved with Lloyd's six years ago in a very different financial climate. Then Names were flush with their gains and the art market was booming. Some cheques from Lloyd's went towards acquiring furniture, pictures, silver and the rest of life's luxuries. Sotheby's suggested that works of art might be used as collateral by anyone interested in accumulating the wealth needed to become a Name, or by Names keen to build up their investment. Sotheby's would do a valuation and offer a guarantee of up to 35 to 40 per cent of the estimated auction price of an object. But only just over 40 people took up the offer and the scheme languished.

Of course Sotheby's was mainly interested in getting Names to buy and sell through its auction rooms. Around 1,200 Names are Sotheby's clients and they are the first to be approached under this new



Art as collateral: a rare bird in the loft... could save a Name

marketing exercise. The original scheme has been re-launched with refinements. Names who still want to invest in Lloyd's can use their works of art as collateral, up to 35 per cent of their value, to build up their investment, but this time Sotheby's will offer to store the works in its warehouse, which cuts insurance and other costs. Sotheby's also suggests that immediate liabilities can be met by selling works of art. Sotheby's will send a valuer, at no cost to the client, to price a Name's antiques. If the money

must be raised by October Sotheby's can make an advance (at a price) on the works of art which it will auction when it thinks the market is strongest.

The pressing problem in the art world at the moment is a lack of decent antiques to sell. Names are already being forced to supply such goods in the good forthcoming furniture sales at Sotheby's this month some of the best lots come from Names.

Antony Thorncroft

Watchdog to probe mortgage valuations

ONE OF the more irritating costs incurred by home buyers wanting a mortgage is paying a valuation fee to the lender, even if they have commissioned their own structural survey of the property.

This practice was referred to the Monopolies and Mergers Commission on Thursday by the Office of Fair Trading, after complaints that borrowers are being overcharged. The inquiry will be directed at "the agreements and practices in the making or procuring of mortgage valuations, and the marking of charges for such valuations," according to the OFT.

Most lenders offer borrowers a choice of valuation services - the most basic is more for the lender's benefit than the borrower's. "The Building Societies Act requires that the lender takes adequate steps to ensure that a property is good security on which to lend," said a spokesman for Halifax building society, the largest lender. "That is why we require a valuation report."

The fee for this report is paid by the borrower and is usually a brief statement of the price the valuer puts on the property. The borrower can opt for more detailed reports, includ-

ing a full structural survey. Sir Bryan Carsberg, OFT director-general, said he was referring the matter to the MCM because he was concerned that lenders have little incentive to keep down the cost of the service, as it is passed on to the homebuyer.

He was also concerned that borrowers lacked choice in the amount they have to pay because they had little opportunity to "shop around" to cut the cost. He said home buyers pay more than £100 a year for mortgage valuations.

John Cox, group chief surveyor at Abbey National, the second largest lender, said he was "rather surprised" at the decision. "I am confident that our policy is fully justified and that it is in the best interests of the homebuyer."

Abbey National charges £175 for a valuation on a home purchase price of £100,000 and £235 for a more detailed report on the property. The Halifax charges £165 and £230.

The OFT also said there had been "a great many complaints" from bodies representing valuers and surveyors that some mortgage lenders are restricting the ability of some surveyors to compete.

It said borrowers had been complaining about fee

increases. There were also complaints from valuers and surveyors that some lenders choose valuers on the basis of the number of other borrowers they can refer to the lender. The OFT was also concerned about complaints that many lenders seemed increasingly unwilling to accept, for mortgage valuation purposes, house surveys already carried out for a potential borrower.

John Cox said that there was no reason that a surveyor employed by a borrower to carry out a structural survey would be qualified to make a valuation. "Structure is one thing. You need local knowledge to value a property."

The Council of Mortgage Lenders, which represents the big lenders, said that it was confident that the OFT investigation would find that lenders' practices are both "prudent and reasonable." It said that when a borrower wants a structural survey, the lender is able to combine this with the mortgage valuation at a cost lower than if the two services had been supplied separately.

The MMC has until February 5 to complete its investigation.

Scheherazade Daneshkhoo

Test case decision gives guidance to trustees

THE LEGAL system and ICI have shown just how adroit they can be in the face of law which, if left unchanged, would produce results having little relation to common sense. The problem arose from the demerger of ICI and a subsidiary called Zeneca - a deal which gave trustees everywhere headaches (as I reported on March 6).

ICI funded a test case which was started by originating summons on April 8. A decision was given on Friday April 30, distinguishing the ICI demerger from previous cases. As a result, the Zeneca shares are now to be treated as capital, not income. This has particular relevance for trustees who are obliged under the terms of their trust to pay out to the income beneficiary seem-

and another is ultimately entitled to the capital, the fall in value of ICI shares (which are part of the capital of the trust fund) would not be compensated for by the issue of shares in Zeneca if the shares in the latter had to be treated as income and paid out to the income beneficiary.

The only way trustees could protect themselves in such a case from a potential claim for breach of trust would be for them to sell their ICI shares before demerger. The sale proceeds could be retained as capital, although it might trigger an unwanted tax charge.

Not only would the requirement to pass Zeneca shares to the income beneficiary seem

they should distribute the Zeneca shares (expected to be worth around £250,000) to William Lee; keep them as part of the trust fund for Michael; or sell them.

It was obviously not Mrs Lee's intention to give her husband half the value of her share portfolio. She wanted her husband to have only the income - eg, annual dividends - from the trust for his life, and the share portfolio preserved intact for her son.

There have been many cases, dating back to the 19th century, which have decided that all distributions, including dividends in specie, are income unless the distribution is part of an authorised reduction in capital or the company is in liquidation.

But the judge distinguished this case from these earlier ones on the basis that this was a more complicated demerger involving a third party, Zeneca, and not a straightforward demerger with a dividend in specie.

He appreciated that the corporate distinction was absurd and "not an attractive basis on which to place any reliance. It is highly formalistic... but to regard the ICI transaction as a distribution of profits akin to payment of a dividend in specie - and, hence, income - would be to exalt company form over commercial substance to an unacceptable extent."

This is good news for the trustee shareholders of ICI shares, but whether it can be applied to other "hybrid" demergers is debatable. It certainly does not help straightforward demergers by dividend in specie. We are, therefore, left with a technical distinction between two types of demerger - at least until such time as a judge in a higher court is able to overturn some of the more outmoded judgments.

Caroline Garnham

reports on a ruling with wide ramifications

Iudiciorum from a common sense point of view, it would also result in some very peculiar tax consequences as outlined in my earlier article.

For these reasons, the judge has been over backwards, despite a long line of decided cases, to decide that the issue of the Zeneca Group Pic shares to the ICI shareholders will be treated as capital and, therefore, must be added to the trust fund and not paid out as income to the income beneficiary.

This case before the courts concerned Dora Lee, who died in 1966. She left her shareholding in a family company to her husband, William, for his lifetime and thereafter to her son, Michael. In 1972, the shareholding was acquired by ICI in exchange for ICI shares. The value of the ICI shares will drop by about half, but will be compensated for by the issue of shares in Zeneca equal to the difference.

In the case of trustees, where one set of beneficiaries is entitled to the income of the trust

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The Week Ahead

BRITISH Telecommunications

is expected to report on Thursday a drop in pre-tax profits for the year ended March to about £2.5bn from £3bn a year earlier.

The fall will be, however, after redundancy payments of about £500m and exceptional costs of around £200m for restructuring, redemption of bonds and other items.

Underlying profit growth last year was therefore around 3 to 3 per cent. Inland rail volumes rose, helping to offset lower tariffs. Further redundancy costs are expected this year with the market looking for profits in the £3.2bn to £3.5bn range.

J. Sainsbury, the food retailer, is forecast to report on Wednesday a hefty increase in pre-tax profits for the year ended March to around £750m from £228m a year earlier.

Unlike its arch-rival Tesco it has managed to maintain its growth momentum on sales volume while retaining a tight grip on costs.

Grand Metropolitan is expected to report first half pre-tax profits of about £20m to £41.3m on Thursday, 3 to 3 per cent ahead of last year's result, excluding exceptional items. Trading profits

from the IDV spirits business will be boosted by currency translation but the favourable exchange rate is unlikely to compensate entirely for lower dollar profits from the US food operations.

Royal Dutch Shell group will announce its first quarter results on Thursday with analysts forecasting a wide range of income figures of between £600m and £800m on a replacement cost basis which strips out stockholding losses and gains. The company reported a profit of £770m in the same period last year, but this was buoyed by one-off exceptional items.

Shell's first quarter results will signal how successful the company has been at cutting costs and maintaining its profits against a background of falling oil prices and deteriorating sales margins. Body Shop is forecast to report on Wednesday a drop in pre-tax profits for the year to February of about 20 per cent to around £20m. While international expansion continues apace, UK prices and margins have slipped while volume growth has faltered.

Company	Sector	Value of bid per share*	Market price before bid price*	Value of bid per share	Bidder
				Price in pre-tax terms otherwise indicated	
Aberside Pet.	Refin.	£94	78	£6.39	Pitterson
Bell & Darv.	£67	78	6.38	SDC	
Betham	£58	58	44	GPI Group	
Brown Shipley	£35	35	30	Parfous	
Buckingham	£24*	5	41	Severn Trent	
East Worcester	£42*	475	28.00	West Brom	
East/Westminster/RVV	£192*	325	2.40	Halifax</td	

FINANCE AND THE FAMILY

Personal equity plans: how safe is your money?

Shares in Peps are held in nominee companies which do not neatly fit existing compensation rules, as Scheherazade Daneshkhu explains

PERSONAL equity plans have become one of the more popular ways of investing, partly because public interest in equities is reviving now that UK interest rates have fallen and partly because of their much-advertised tax efficiency.

A Pep allows investors to hold shares (or unit trusts) without paying income or capital gains tax, subject to an annual investment limit of £6,000 in a general Pep but with the option of an additional £3,000 in a single company Pep.

In order to get the tax break, Peps must be managed and administered by an Inland Revenue-approved registered scheme manager. For this reason, the Revenue does not allow shares held within a Pep to be registered solely in the shareholder's name. Instead, most plan managers use a nominee company – one formed specially to hold shares on behalf of a third party – to register them.

Nominated services are not an authorised activity under the Financial

Services Act (FSA). This means that, technically, they fall outside the scope of the investors' compensation scheme (ICS), which will pay up to £28,000 of a loss when an authorised company or person defaults.

However, the Securities and Investments Board (SIB), the regu-

latory body for the financial services industry, has said that stock held in a nominee name usually will be eligible for compensation under the ICS rules. This is not a legal obligation, though, and some readers have voiced concern about the safety of their Peps. But Pep-holders probably are better off than

other investors with shares in a nominees account.

The best reason for regarding nominee accounts as safe is that the government regulations say that stock held in a Pep must be held by a nominee," says David Langshaw, from the Association of Private Client Investment Managers and Stockbrokers.

The regulations also say that even though the shares must be registered in the name of a nominee, the "beneficial [true] owner" is the investor, not the nominee company. The Pep manager himself, as head of a Revenue-approved body, has to be authorised under the FSA.

The Pep manager has responsibility for the client's money. If he were to go under, the investor would be entitled to compensation through the authorised entity," says David Cresswell of SIB.

Pep-holders who are worried can take further measures to protect themselves. Most managers operate a pooled nominee service where shares belonging to investors are

batched together for registration in the nominee company's name. This is the only name that then appears on the stock exchange's register.

Some plan managers – usually those running a self-select Pep, where the investors choose their own stock – operate designated nominee accounts where the shares are registered jointly in the name of the nominee company with a specific account number or sets of initials which can be used to identify the individual shareholder.

A further advantage for investors in a designated nominee account is that they would receive the annual reports of those companies in which they have shares.

Stockbrokers prefer pooled nominees, however, because of the ease of administration. If, for example, a broker had 1,000 clients with ICI shares in the name of a pooled nominee, there would only be one dividend cheque to handle. With a designated nominee, the broker would have to administer 1,000 dividend cheques.

"I have no doubt that nominee accounts are robust although, it has to be said, they have never been tested very seriously," says Paul Killik, of Killik & Co, a stockbroker which runs designated nominee accounts for all its Pep clients.

One test occurred in 1991 with the collapse of Diameter, a low-cost stockbroker. The liquidators found that the firm had neglected to buy all the shares for which its clients had placed instructions. These shares could not be located in its nominee company.

Affected investors were compensated by the ICS on the ground that the authorised company, Diameter Stockbrokers, was guilty of wrongdoing. So far, 483 such investors have been paid but the process has been lengthy.

This kind of delay is less likely to occur if the plan manager runs a designated nominee account in which the shares and owners can be identified readily. Investors cannot sell their shares until this reconciliation process is over.

Managers running pooled accounts are required to keep up-to-date records identifying all the investors and the shares they hold. Audits have to be done every six months and the Securities and Futures Authority makes regular spot checks.

If a Pep manager loses his status – which would happen automatically if he became bankrupt or the business was wound up – investors have the right either to transfer their plan to another manager or to close it.

"In the case of involuntary withdrawal or revocation of approval, the person appointed to terminate the scheme should perform these duties," says Martin Dodd, of the Pep Managers Association.

The Revenue says that if compensation is paid to investors under the ICS, the money will be treated as a Pep transfer if it goes directly to a new plan manager. In this way, the tax-free status of the money built up in the Pep would not be jeopardised.

Expatriates / Donald Elkin

The complex business of residence

THE BUDGET proposal by the chancellor of the exchequer to eliminate the 90-year-old "available accommodation" rule has spotlighted the whole concept of tax residence. What is its effect? And just how do you become, or cease to be, a resident?

Put briefly, residence – together with domicile, for which legislative changes are pending – determines the scope of your liability to UK tax.

There are, in fact, three important statuses – residence, ordinary residence and domicile – none of which has a detailed statutory definition. This void, however, been filled by a mass of case law, Inland Revenue practice and concession. This makes it difficult for the individual to know, without seeking specialist advice, his precise situation in any particular set of circumstances.

Even without the available accommodation rule, you can become resident:

■ By going to the UK for permanent residence with or without the intention of staying for at least three years.

■ By being in the country for more than 182 days in a tax year (ie, April 6-April 5).

■ By visiting the UK for periods which exceed 90 days a year on average over any four consecutive tax years.

The first and third of these rules will make you ordinarily resident too. Domicile, by contrast, cannot be defined in such "mechanical" terms since it depends on so many disparate factors – such as where you were born, where you have lived since, where your home(s) is situated, and the location of your family, business and social contacts.

Its essential purpose is to connect individuals with the legal system in the country or state in which they live permanently or indefinitely.

If you were born in the UK of British parents and have lived there all of your life, clearly you will be resident, ordinarily resident and domiciled there. As such, you will be liable to income tax and capital gains tax on global income and gains. When you die, inheritance tax can be levied on your estate by reference to world-wide assets.

Conversely, a person who was born and has lived all his life outside the UK will have none of the three statuses. His exposure to British tax will be limited to that on income derived there (and

not even all of that) plus IHT on UK assets so far as they exceed the exempt amount (at present £150,000).

All this is simple enough. But it is when your life falls somewhere in between these extremes that complications start to arise.

Say that you decide, after being a life-long British resident and domiciled, to take a job overseas. From the day after you leave the UK, you will be regarded as not resident and not ordinarily resident – provided your period of employment extends beyond a complete tax year and your visits to the UK do not exceed six months in a year or 90 days a year on average.

Once that happens, liability to capital gains tax ceases altogether (with the sole exception of gains arising from assets used in a UK business). Nor need you pay tax on overseas income, even if you send it to the UK.

But most UK income remains taxable although there are some exceptions; for example, the interest on holdings of British government securities. And most British expatriates remain liable to pay IHT; only those emigrating permanently escape this particular impost

(but not until 36 months after changing domicile).

Expatriates returning to the UK will face considerations that are very largely the opposite of those explained above, but with the important difference that their resources – and their problems – are likely to be greater than when they left.

On the other hand, the treatment given to foreigners coming to the UK temporarily – for, say, short-term employment – will be different again. For while they might well become residents and ordinarily resident, typically, they will keep their overseas domicile.

They will be eligible for reduced IHT and will not have to pay UK income tax and CGT on overseas income and gains except for sums received in the UK.

Be warned, though. This is a complex area of the law where much can be gained or lost, particularly when your position in the residence/domicile spectrum changes. So, if you are planning such a move, specialist advice is desirable.

■ Donald Elkin is a director of Wilfry Ltd of Worthing, West Sussex.

Directors' transactions

DESPITE continuing problems at its Australian subsidiary, shares in Admiral, the computer services group, have outperformed the market by 25 per cent over the past year.

Clayton Brendish, the chairman, and Dr Ceri Jones, the managing director, have sold 1,005,575 and 100,825 shares respectively at a price of 420p, to leave them holding 2m and 420,000.

Philip Gwyn, a non-executive director of Alumasc, the group that designs and manufactures products for the brewing and building industries, sold 196,000 shares at 525p to leave him holding about 6 per cent of the ordinary shares.

Last September, four of the directors of Shawinwick, the public relations consultancy group, bought large numbers of shares at prices between 2.75 and 5p. Among them was John Huckle, the finance director, who bought 615,384. Last week he sold 350,000 at 19.5p.

Colin Rogers,
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Admiral	Eins	1,106,200	4,648	2
Alumasc	Misc	198,000	1,029	1
Bodycode Int'l	Cong	28,000	161	2
British Petroleum	Pack	4,000	20	1
Eurotherm Int'l	Eins	72,000	423	2
Globe & Mail (G&M)	C&C	18,520	14	2
Halsbury's & Creel	Chem	6,000	17	1
Herring Baker Harr	Prep	20,000	95	1
Iatron	Hth	48,000	118	2
Jeveye Group	Med	4,800	61	1
Sage Group	Eins	10,000	60	1
Scantronic	Eins	85,000	53	1
Shawinwick	Med	350,000	68	1
Wair Group	EngG	40,000	257	1
Yule Catto	Chem	25,000	74	1

PURCHASES	Mac	Shares	Value	No of directors
Farway Group	Mac	100,000	58	1
Gardiner Group	BusE	200,000	36	4
Globe Lyons	Pack	143,412	103	5
Globe New	nd	21,100	47	1
Hall Engineering	EngG	40,000	22	1
Holders Technology	Mac	10,000	11	1
Ti Group	EngG	15,400	576	1
Tiprock	Tran	10,000	19	1
Unichem	Hth	4,474	11	2
Wembley	Hsl	200,000	31	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction in their own shares. The table includes all transactions, including those at a price of 1.10% or subsequently sold, at a value over £10,000. Information released by the Stock Exchange 26-30 April 1993.

Source: Director's List, The Inside Track, Edinburgh

Unfortunately, most sensible people keep their money in the Building Society.

News in Brief

AS THE housing market shows signs of recovery, special mortgage offers from building societies continue to proliferate.

Northern Rock is offering a discount of 3.01 per cent off its normal mortgage rate, lasting until June 1994, where the loan is no more than 75 per cent of the property's value.

For loans up to 90 per cent of value, the discount is 2.01 per cent. This results in current rates of 4.98 per cent and

5.98 per cent respectively. Borrowers must take out buildings and contents insurance through Northern Rock and pay an arrangement fee of £25.

The society also is offering fixed-rate mortgages of 6.85 per cent (8.1 per cent APR) over two years; 7.45 per cent (8.1 per cent APR) over three years; and 7.95 per cent (8.2 per cent APR) over five years.

All of these loans are portable. Arrangement fees are

between £200 and £250 and borrowers must take out the society's buildings and contents insurance.

■ Britannia is offering a range of fixed-rate mortgages from two to 10 years. The two-year rate is 7.5 per cent (8.4 per cent APR) for those with a 10 per cent deposit.

Over five years, the rates vary from 7.99 per cent (8.5 per cent APR) for those with a 40 per cent deposit to 8.8 per

cent (8.9 per cent APR) to someone with only a 5 per cent deposit. The rate over 10 years is 9.99 per cent (10.2 per cent APR).

Arrangement fees vary from £150 on the two-year mortgage (not for first-time buyers) to 0.75 per cent of the loan (with a minimum of £250) for the 10-year deal. All kinds of mortgages – including repayment – are eligible under this offer.

■ Leeds & Holbeck building society has launched a range of discounts on its variable rates of 8.6 per cent and 8.7 per cent. The discounts vary from 2.26 per cent (on loans worth 90 per cent of the property) to 3.26 per cent (on 70 per cent) – but they will last only until January next year.

Borrowers must pay a valuation fee linked to the value of the property, an application fee of £150 – of which £50 is non-refundable – and must also take out the society's buildings and contents insurance.

■ Norwich & Peterborough is offering a one-year fix, with the rate at 4.95 per cent for the first six months and 5.85 per cent for the following six. But this requires an endowment or pension policy to be taken out for 50 per cent of the mortgage advance.

Buildings and contents insurance must also be taken out through the society. There is a £125 arrangement fee.

■ Other offers cited by Moneyfacts in its mortgage selection include a NatWest home loans fix which is 8.99 per cent for 10 years, with an arrangement fee of £250.

Capped rates mentioned by Moneyfacts include Bank of Ireland (5.75 per cent to June 1 1994; arrangement fee £280), Coventry BS (7.25 per cent until January 31 1995; arrangement fee £100) and Nationwide BS (7.85 per cent for three years; arrangement fee £250).

Those interested should check with the institutions for the terms and conditions of these deals.

■ In its round-up of offers, John Charcol cites a Legal & General deal which for 7.49 per cent over five years (on loans below 75 per cent of valuation).

There is a £250 fee and compulsory buildings and contents insurance. The offer is available on endowment, pensions and interest-only mortgages.

FINANCE AND THE FAMILY

Bears rule in latest BT sale

But the ursine share shop symbol could be misleading, says Roland Rudd

POTENTIAL investors in the imminent sale of the government's third tranche of British Telecommunications stock may find its share shop symbol a little ominous: a bear is clutching the prospectus, with a bull nestling behind.

Certainly, the public must be made aware that the market for shares goes down as well as up – hence the need for the services of the stock market's two best-known animals. It is just unfortunate, according to one broker acting in the sale, that the bear appears to be in a dominating position.

S.G. Warburg, the government's global co-ordinator for the issue, intends to make sure the bull comes

out on top. Warburg aims to prevent any institutions from trying to depress the share price before the offer.

To ensure a stable market after the sale, it is prepared to buy back BT shares if there is a need to stabilise the price.

The biggest advertising campaign so far to sell BT shares will start on May 25 and dealing will follow in July. The government is expected to sell most, if not all, of its remaining 22 per cent stake in BT – worth more than £5bn at present prices.

As in previous offers, the shares will be sold in partly paid form, with investors settling their bills by instalments.

While only eight retailers were

selected in 1991 when the second tranche in BT was sold, more than 150 – including the big four clearing banks, building societies and stockbrokers – will take part in this year's initiative.

Anyone interested in buying can still register with the share information office, along the lines of previous government privatisations. But there are two main advantages of registering with one of the share shops.

First, if there is strong demand for shares, people applying through the shops will be given greater preference in allocation. Second, the shops are expected to send information on their products and services, which may include special cut-price deals, with the BT3 offer information.

As part of the government's initiative to widen and deepen share ownership, ministers are hoping the share shop symbol will outlive the BT3 offer. It is by no means certain they will succeed.

The National Audit Office, the parliamentary watchdog, raised doubts recently about whether the government's special efforts in BT3 to boost the number of long-term small investors had worked.

The NAO reached no judgment on the success of the share shop scheme – intended to make it easier for small investors to deal – beyond noting that 59 per cent of the shops' transactions in the three-month special dealing period after the sale were on behalf of individuals disposing of BT shares.



It's good to be gross

Scheherazade Daneshkhu looks at offshore bond funds

receive an unfair advantage. But the effect of quoting on an offer-to-offer basis, is that the performance figures are better than the returns which would actually have been achieved by an investor. Initial charges can be 5-6 per cent.

In addition, performance figures have been boosted by a very good market for gilts, which have risen in price in response to falls in UK interest rates. There is no guarantee that the illustrated levels of performance will continue.

Even resident UK citizens who are liable for tax may find offshore bond funds attractive because the tax payment can be delayed.

The table lists those sterling offshore bond funds which are recognised by the Securities and Investments Board – the chief regulator for the financial services industry in the UK – and which have a three-year performance record. SIB recognition should give some comfort to investors worried by the memory of the Barlow Clowes debacle, as should the presence of many well-known industry names in the table.

Figures have been taken from *Finstat* and show the top 10 performing SIB-recognised funds in the sterling fixed-interest sector. They are quoted on an offer-to-offer basis because some funds have a single price but add on an initial charge. Funds to be quoted on an offer-to-bid price, the single-priced funds would

be delayed.

The highest-performing fund in the list – Barclays Sterling bond fund, with a gross yield of 8.9 per cent – has an initial charge of 3.5 per cent with an annual management fee of 0.85 per cent. The minimum investment is £1,000.

Investors who are new to the fixed interest sector should be aware that the fund with highest yield is not necessarily the best. Bond funds can achieve a high yield at the expense of declining capital.

For those who want further details, information on offshore funds can be found in the Managed Funds pages at the back of the FT's first section.

■ This table appears as part of our regular service for fixed-income investors. Next week, details of onshore sterling bond funds and the permanent interest-bearing shares.

Best performing 10 offshore bond funds

Fund	Size (£m)	Yield (%)	Perf*
Barclays Sterling Bond	220.0	8.90	70.4
Growth GSI UK High Inc	17.9	9.10	64.4
Hill Samuel Stg Fixed	32.6	7.84	54.3
Loydtrust Gilt	506.4	7.83	64.1
Guinness Flight & Hi Yld	4.0	7.82	51.9
Garfmore Cap Stg End	21.2	8.83	51.6
Capital House Star Bond	8.9	6.15	50.7
Eagle Star Star Bond	2.4	6.25	50.4
Kleinwort Benson Gilt	48.0	7.30	50.1
Henderson Horizon Fixed	6.7	7.50	50.1

Source: Finstat. *Offer-to-offer with net income reinvested from May 1 1990 to May 1 1993. Funds without three year record are excluded.

Society calls for merger

MEMBERS of the Warwick-based Heart of England building society, the UK's 25th biggest, are being called upon by their board to vote next month for a proposed take-over by Cheltenham & Gloucester, the sixth largest. Heart of England has been looking for a suitable partner after negotiations with the Bank of Edinburgh fell through earlier this year.

Heart of England is just one of the smaller building societies that has found it increasingly difficult to compete in a numerically well-served industry. Although it has not been losing money, its pre-tax profits of £1.6m (after bad debt provisions of £12.3m) for the year to end-February were down on last year's pre-tax surplus of £2.3m.

Heart of England has 230,000 savers and 30,000 borrowers. In buoyant times, members of a smaller society taken over by a larger one could look forward to a bonus as compensation for transferring their ownership to another society. Most importantly, though, a bonus is a payment arising from equalising the level of the reserves between the two societies.

But, in this case, Heart of England's general reserve, at 4.2 per cent, is lower than C&G's 4.6. So C&G says there are no "excess" reserves to be distributed as a bonus.

Instead, it is offering sweeteners to persuade Heart of England members to stay put under the new management. One such is a guarantee to pay 0.25 of a percentage point above Heart of England's rates on accounts which are open to new investors for one year after the merger.

Heart of England customers will find, however, that interest rates at C&G generally are higher than they are getting now. The exceptions are their Instant Gold and Tessa accounts.

The former pays 5.15 per cent gross on its top tier of £25,000 compared with 4.8 per cent gross on C&G's Cheltenham & Gloucester account. The Tessa pays 7 per cent compared with C&G's top Tessa rate of 6.85 per cent.

If the merger is agreed, it is expected to go through on October 1.

Scheherazade Daneshkhu

Pensions alert over spread of 'churning'

Barbara Ellis on the needless switching of investments

CURNING, or unnecessary switching of investments to generate commission, appears to be spreading in the pensions market. One large firm of investment advisers, asked for a second opinion about pensions advice given by a competitor, was so alarmed that it reported the matter to the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), the self-regulatory body for financial advisers.

The query came from a man made redundant two years ago who was advised at that time to transfer his preserved company pension into a personal pension policy. Several weeks ago, the broker which arranged the transfer sent a circular recommendation encouraging the man to switch his pension from the managed fund run by an insurance company into the broker's own fund.

The adviser giving the second opinion said: "It looks like an assembly line job. The paperwork is of a very poor standard and there is hardly any justification for the recom-

mendation at all, apart from the expectation that their own broker fund will perform better than the insurance company's fund, based on past performance of just six months."

Although the adviser suggested that the recommendation might come from a rogue individual within the particular firm, he considered it worth telling Fimbra that the material appeared to be of a sizeable mailing.

Fimbra refused to confirm it had received the adviser's report and said any possible disciplinary action was not for public discussion. It added: "Any problem will have to be rectified by the member and, if it is not, they will be suspended from doing any investment business."

At the Life Assurance and Unit Trust Organisation (Lautro), a spokesman said that suggesting a switch into a broker fund might be a legitimate option providing investors were made aware of all costs and charges involved. But he stressed that Lautro would not take kindly to over-emphasis of short-term performance, such

as a six-month record. The organisation insists on the use of figures covering at least five years, where these exist.

Another form of churning most unlikely to be reported to investment watchdogs involves collusion between adviser and client to raid the accumulated pension.

Industry sources say churning of personal pensions has focused on the cash-generating opportunities. Brokers can offer to share 4.6 per cent commission with a policyholder each time the accumulated transfer value of the pension is moved from one life company to another.

A higher-rate taxpayer might take the view that 75 per cent of his final fund will be taxed at 40 per cent, whereas a rebate of commission from a broker will be tax-free. But this is a mistake. Tax inspectors see rebated commission as income, subject to tax.

Wadsworth says there might be tactical reasons for switching a pension from one life company to another. For example, with a Section 32 buy-out policy, there are strict limits on the maximum pension and lump sum that can be taken out, with any surplus going to the life company.

"It is possible to play the system a bit," adds Wadsworth, stressing that his own firm is not involved. "Churning can happen in pensions – and sometimes does."

"The investor protection

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	Rate	Grace	Int	Ext	Penalty	Minimum	Access and other details
Alliance & Leicester	Bonds 90	8.28	8.28	6.13	6.13	Third	£857.75/£855.68	
	Tessy	7.25	7.25	-	-	Third	20 days notice/less inc ac	
Barsley (0223 730999)	Miles	6.48	6.48	4.88	4.88	Third	5.65 £100/6.45 £200/6.45 £300 instant access	
Brighton & Hove (01273 871739)	Instant Access	5.20	5.20	3.70	3.70	Third	4.80/4.65/4.50/4.50/4.50	
Brentford and Hayes	Smart Plus	6.20	6.20	5.68	5.68	Third	75,000	90 day notice - CIMA for steadily income
Camborne High Int (01268 770100)	Quick Cash Int	7.35	7.22	5.41	5.41	Third	50,000	Instant access above £10K
Cathay (071 222 67347)	Quick Cash Int	7.70	7.70	5.77	5.77	Third	100,000	Instant access to penalty
Century (0121 554 1711)	Flexible First Choice	4.40	4.40	3.45	3.45	Third	50	Rate for balance of 50%+ Inst access. Rates for 3 or less withdrawals
Cheltenham & Gloucester	Manager's Special Account	5.80	5.80	4.35	4.35	Third	5,000	Third/Inst. Monthly Income available.
	Max High Rate 1 Year	7.35	7.35	-	-	Third	5,000	7.35% Gross on specific product.
	Max Voltage 2 Year	7.25	7.25	5.44	5.44	Third	5,000	2 Year Revol.
	Max Voltage 3 Year	7.25	7.25	5.44	5.44	Third	5,000	3 Year Revol.
	Max Voltage 5 Year	7.25	7.25	5.44	5.44	Third	5,000	5 Year Revol.
	Max Voltage 7 Year	7.25	7.25	5.44	5.44	Third	5,000	7 Year Revol.
	Max Voltage 10 Year	7.25	7.25	5.44	5.44	Third	5,000	10 Year Revol.
	Max Voltage 15 Year	7.25	7.25	5.44	5.44	Third	5,000	15 Year Revol.
	Max Voltage 20 Year	7.25	7.25	5.44	5.44	Third	5,000	20 Year Revol.
	Max Voltage 25 Year	7.25	7.25	5.44	5.44	Third	5,000	25 Year Revol.
	Max Voltage 30 Year	7.25	7.25	5.44	5.44	Third	5,000	30 Year Revol.
	Max Voltage 35 Year	7.25	7.25	5.44	5.44	Third	5,000	35 Year Revol.
	Max Voltage 40 Year	7.25	7.25	5.44	5.44	Third	5,000	40 Year Revol.
	Max Voltage 45 Year	7.25	7.25	5.44	5.44	Third	5,000	45 Year Revol.
	Max Voltage 50 Year	7.25	7.25	5.44	5.44	Third	5,000	50 Year Revol.
	Max Voltage 55 Year	7.25	7.25	5.44	5.44	Third	5,000	55 Year Revol.
	Max Voltage 60 Year	7.25	7.25	5.44	5.44	Third	5,000	60 Year Revol.
	Max Voltage 65 Year	7.25	7.25	5.44	5.44	Third	5,000	65 Year Revol.
	Max Voltage 70 Year	7.25	7.25	5.44	5.44	Third	5,000	70 Year Revol.
	Max Voltage 75 Year	7.25	7.25	5.44	5.44	Third	5,000	75 Year Revol.
	Max Voltage 80 Year	7.25	7.25	5.44	5.44	Third	5,000	80 Year Revol.</td

FINANCE AND THE FAMILY

THERE IS a strong sense of tradition about the Merchants Trust. It was founded in 1889 with some famous City names on the original board including a Baring, a Benson and a Hambro. Price Waterhouse was appointed auditor at launch, and remains in that role.

As with many other 19th century trusts, the original idea was to invest in overseas fixed-interest securities which offered a higher yield than anything available in the UK. Over the years, Merchants moved gradually into equity investments.

In 1984, it switched from being an international generalist, to its present strategy of providing "an above-average level of income and income growth together with long-term growth of capital." At the time, many trusts were seeking to differentiate themselves so they could justify their continued existence.

The change in aims is illustrated amply by the details of Merchants' geographical spread. In January 1984, just 47.2 per cent of the portfolio was in the UK, with 37.5 per cent in north America and the rest in the Far East and Europe. By end-January 1993, the UK portion made up 98.1

per cent of the portfolio with the rump in US unquoted stocks (which are being sold off gradually).

This switch to the domestic market has, of course, been of immense help in allowing the trust to increase its dividend from 2.4p in 1983/4 to 10.6p in 1992/3. UK equities traditionally offer a higher dividend yield than that obtained by overseas markets - and the 1980s also saw strong dividend growth in the UK.

Although the 1990s have seen many cuts in corporate dividends, the trust says it has built up revenue reserves high enough to see out the storm. According to manager Nigel Lanning, Merchants could pay out half last year's dividend from these.

Lanning says the investment policy follows a yield discipline, with shares being bought on high yields and low price-earnings ratios and sold if the yield falls or the p/e rises too far. This philosophy is remarkably akin to that of David Hopkinson, a former

Letting property brings problems

I HAVE ALWAYS managed my own tax affairs without using an accountant. But this tax year I have started to let property and things are getting complicated. Can you recommend a good guide or book that covers the tax treatment of property?

The solicitor who prepared the letting agreements for you is, of course, best placed to guide you through the consequent tax labyrinth. But you might ask your tax office for the following free pamphlets: IR87 - Rooms to let: income from letting property; CGT14 - Owner-occupied houses; CGT14 - Capital gains tax: an introduction; and CGT16 - Indexation allowance: disposals after 5 April 1988. You could also write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 1LB, and ask for a copy of Statement of Practice D24 [Capital gains tax: initial repairs to property].

We take it that the property is all within the UK and that it is being let unfurnished, so that the rents are assessable entirely under Schedule A. If

either of those assumptions is wrong, the position will be a little more complex.

It could be worth spending half-an-hour or so in a local reference library looking at the relevant parts of any of the standard works on income tax and capital gains tax.

But you can conveniently live in the house for a short time - either during your grandmother's lifetime or afterwards - it should be possible to make a substantial reduction in the potential CGT bill by means of notices under section 22(5)(a) of the Taxation of Chargeable Gains Act 1992.

Your grandmother will need the assistance of a solicitor in conveying the house to you.

Ask a tax office for the free pamphlets CGT14 (Owner-occupied houses) and CGT16 (Capital gains tax: an introduction).

Concerned over AVCs

COULD YOU tell me the relevant income figure to be taken into account when calculating the maximum pension contribution? I am particularly con-

cerned about whether to make additional voluntary contributions. I had understood that the relevant figure was the taxable salary in the final year of employment. I now hear that it is the gross figure comprising the salary plus the value of additional benefits such as a company car, health insurance, and any other allowances paid by the employer.

■ The taxable value of your benefits in kind, such as company car and Bupa premiums paid by your employer, can be added to your salary for the purposes of calculating your pensionable remuneration. You mention the final year of employment. There are many situations where fluctuating earnings, or the level of salary, require pensionable remuneration to be based on the average of the best three consecutive years in the last 12, but with the allowance for each year's remuneration to be uplifted between the year it was received and the date of retirement in line with increases in the retail price index during the same period.

Paying into a pension

I AM BEING made redundant and am taking early retirement after 26 years' pensionable service. I might then work as a part-time consultant. As a higher-rate taxpayer, can I start another pension plan? If so, what percentage of my earnings can I place in it?

■ The contributions that you can pay to a personal pension policy in respect of your present and future non-pensionable earnings (eg. consultancy work) are not affected by your past pension rights but only your age at the beginning of the year of assessment. If you are 51 or over, you can pay 30 per cent, 55 or over (35 per cent), and 61 or over (40 per cent).

Am I wasting my money?

AT THE AGE OF 35, I have settled in Britain and, being self-employed, have begun paying NI Class 2 and Class 4 contributions. Because, at my age, insufficient working years remain to qualify for a full state pension, my contributions seem to be expended without benefit. Can any of the obligatory NI contributions be redirected into my personal pension plan? Alternatively, should I consider paying voluntary Class 3 contributions to secure some benefit?

■ If you are paying Class 2 and Class 4 contributions as a self-employed person, you cannot at the same time pay voluntary Class 3 contributions in order to enhance your social security pension. Neither (as you suggest) can you divert any of your Class 2 or 4 contributions (which you have to consider as a tax) into a personal pension plan. If you want to provide yourself with a reasonable retirement pension, then you are strongly advised to pay contributions to a personal pension plan in addition to your compulsory contributions to state social security.

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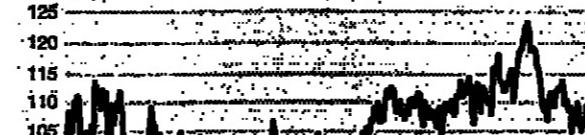
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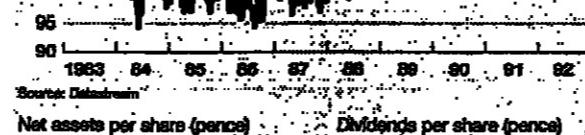
Philip Coggan finds the old and the new in tandem at Merchants

Merchants Trust

Share price relative to the FT-A All-Share Index



Net assets per share (pence)



Dividends per share (pence)



Some boost to its income from around £10.6m of fixed-interest stock; it also has fixed-interest debt, namely, some £25m of stepped-rate loans.

The 10 biggest stocks in the portfolio at end-January include many names familiar to private investors: BAT, British Gas, BT, National Westminster, Shell, Eastern Electricity, North West Water, Prudential, Great Universal Stores and Allyn & Lysons.

The high yield has been successful in attracting private investors, who now own more than 50 per cent of Merchants. Accordingly, the discount has narrowed, and the trust now trades virtually at asset value, so investors are at risk from a return to the days of wide discounts.

Merchants' record in its sector is moderate, with Finstar showing it as below average over one, two and three years. It is fourth (out of 10) in the sector over seven years, with

growth of 161.6 per cent (mid-market to mid-market with net income re-invested). But, as the graph shows, the trust has marginally outperformed the All-Share over a 10-year period.

Peter Walls, investment trust analyst at Credit Lyonnais, says: "I have never been particularly concerned or particularly excited by the trust's management style. It is a steady fund which has been successful at attracting private investors because of its high yield. But we are not going to see the same kind of dividend growth as we did in the 1980s."

■ **Savings scheme and PEP details**
The minimum monthly investment in the savings scheme is £25, or £250 for lump sums. Investments of more than £1,000 will be dealt with on the following day. There is an 0.5 per cent dealing charge and 0.5 per cent for stamp duty.

■ **Key facts**
Gross assets of the trust are £280m and net assets £250m. NatWest Securities estimated the net asset per share at 233.2p on April 6, putting the shares, then 237p, on a discount of 5.6 per cent. The management fee is 0.35 per cent of annum of assets, minus current liabilities and short-term loans.

■ **Board**
Merchants has a remarkably

How NI offers scope to save

INCOME tax-payers spend a lot of time and effort on ways to reduce their bills. National Insurance contributions are also a compulsory levy on earnings but, unlike the tax system, only rarely are they considered an area where financial planning reaps any reward. Yet changing the method of payment can bring significant gains for casual workers such as those in temporary or part-time employment; those in agriculture and seasonal employment; and students doing vacation work.

NICs are paid on a rising percentage scale between two earning levels. The lower one equates roughly with the basic state pension and is now £56 a week, or £243 monthly, or £2,912 yearly. The upper is around 7.5 times the basic pension and is now £220 weekly, or £1,620 monthly, or £21,940 yearly.

Unlike income tax, which is based on a year's cumulative total, with high earnings balancing out lower ones to give the overall result, NICs are payable on an amount fixed in advance on the "earnings periods" - whatever they may be.

Not having to pay income tax does not absolve you from NICs on relevant earn-

ings. Thus, students working in vacation periods may get income tax exemption through P&GCS, but will still have to pay NICs in any periods when their income exceeds the lower earnings level.

Earning periods normally are determined by the dates on which wages are paid (or are due to be paid), and not for the periods during which the work actually was done. So, if you contract to do four weeks' work at £56 a week, you have exceeded the lower earnings level and will have to pay £1.12 NICs each week. Work a month for £240 and you pay no NICs because that monthly figure is below the lower earnings level of £243 a month. This principle applies all the way up the scale, and means that careful timing can drop NICs into lower rate bands or below the lower earnings level altogether.

A salary of £600 a week for four weeks' work results, for example, in four NICs of either £27.38 or £23.88 weekly for that period (depending on whether the firm which employs you is contracted in or out). If you were paid monthly, though, you would be liable for only one NIC. Similarly, six months' work at rates above the lower earnings level, paid at weekly

intervals, would mean 25-26 NICs. But care must be taken not to breach the anti-avoidance regulations which ensure that NICs are not evaded or reduced by abnormal practices such as uneven or irregular payments. However, these are not likely to be applied for casual work.

Where a person has different jobs with different but associated employers, the department of social security contributes agency aggregates these sums so that employees do not pay NICs at lower rates. Teachers doing part-time work for a local authority for a couple of evenings a week can be caught out by this "aggregation" principle; but those working odd sessions for a private establishment might be viewed more favourably.

Paying less in NICs, or none, could reduce your entitlement to state benefits including those for maternity, unemployment and sickness, and the state pension. Most have high entry requirements in any case and a short-term reduction in NIC payments may not make too much difference to your long term entitlements. But this is a factor to check.

Jennie Hawthorne

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Coventry BS</					

MINDING YOUR OWN BUSINESS

THE COMMONEST application for which small businesses buy a computer is accounting.

If I have been brought in to install an accounts package I usually have a discussion with the directors before we start. What financial information do they expect from their new system?

"We hoped that perhaps we could use the computer to produce our own profit and loss accounts and balance sheets. And instead of getting them just once a year we could now get them quarterly or even monthly. This would give us up-to-date financial information to run the business, as well as cut down on the audit fee."

Illusions such as this are commonplace.

Patiently, I explain to them the facts of life.

"Profit and loss accounts and balance sheets are a waste of time. They are part of the statutory audit which exists not for your benefit but for the benefit of everyone outside the company. For the taxman, to help him work out your tax bill. For your bank manager, to assure

him that his loan is safe. For your accountant, to maintain him in the style to which he is accustomed. Profit and loss accounts and balance sheets are nothing whatever to do with you. Your job is simply to pay the bill."

Few businessmen understand the balance sheet; if they did, they would realise that as an aid to running the company it is useless. The profit and loss account may seem more useful, but as far as the audit is concerned it is there simply to explain how this year's balance sheet differs from last year's. It has nothing to do with providing financial information to management.

The distinction, in fact, is between financial accounting and management accounting. If you go into a big company, you will find dozens of accountants, but only two

or three will be financial accountants. The majority will be management accountants. By contrast, in the world of small business the only accountants we have are financial accountants, who live and breathe balance sheets and P&L accounts.

Management accounting, as its name suggests, is designed to provide managers with financial information to run their business. How do you produce your own management accounts? Your first step is to work out how much you have to pay out each month even if you make no sales at all.

Most of these "overheads" do not change from month to month (wages, rent, rates, lease charges etc) so they are easy to calculate; you can do it on the back of an envelope. Suppose you work out that you have to pay £10,000 every

month in these fixed costs. This means you are going to have to earn at least £10,000 in margin each month in order to break even.

Margin, also called gross profit, equals sales value less cost of sales. How you work out your margin differs from industry to industry.

In a "trading" company, that is, one that buys products and resells them, it is best done by a Sales Invoicing package. So, if this month you have sold and invoiced 1,000 of Product X at £15 each, and you bought them for £5 each, you have earned £10,000 margin.

If my clients run a trading company, I always try to start them off with an invoicing package rather than a conventional set of accounting ledgers.

Look at the benefits. The computer produces all the invoices with

ease; most of the details required for the invoice such as customer name and address, product description and selling price, are held permanently on the computer's files.

All you have to do is to enter the customer code, the product code and the quantity being invoiced, and the computer does the rest.

Once the invoice has been printed, it is automatically posted to the customer's account on the Sales Ledger so you have completely up to date information on how much your customers owe you.

Because the computer holds both the selling price and the cost price of each product, it can automatically work out the cost value and therefore the profit earned on each invoice. It uses this to build up histories of sales and margin earned

each month, sales and margin earned by each customer, sales and margin earned by each product, and even sales and margin earned by each supplier (invaluable data this when you are negotiating annual prices and volume discounts with your suppliers).

To be of real value, management information has to be up to date. This is another advantage of using an invoicing package. It will give you a report of the sales and margin earned in month one by 10 am of the first day of month two. No need to close the factory for half a day for a physical stocktake, then hang around for another three weeks until all the purchase invoices have arrived in the post, as you must with a conventional profit and loss account.

The potential benefits of an invoicing package are enormous, and

the wonderful thing is that there is no need to get involved in debts and credits, accruals and prepayments, or any of the paraphernalia of accounting.

But the computer industry is as ignorant of this potential as anyone else. In particular, I have found it difficult to find an invoicing package which will give a completely reliable margin figure.

One package that does and which I would recommend strongly to the small business without formal accounts staff, is Cornix Invoicing. The designer has both a wealth of industry experience and a firm grasp of what an invoicing package can do.

Do not be put off by the initial setup which is fiddly. As I used this package I became more and more impressed. Although it costs only £29, I would say that for all-round features and flexibility Cornix Invoicing is perhaps the best invoicing package on the market at any price.

■ **Cornix Invoicing costs £29 plus VAT from Cornix Computers, Roiss House, 1 Roise St, Bedford MK40 1JE, tel: 0234 219969. Free telephone support is available for 30 days.**

Skiing without tears for Anglophones in the Alps

WHEN YOU are young and single and learning to ski, it does not matter what your ski instructor says to you as long as he is young, good-looking and skis like a dream.

There comes a point, though, when you realise that you need some good lessons. But good, affordable teaching in English in the Alps is scarce. That is a niche filled by Sue and Kenny Dickson, their partner Alan Hole and their school, Ski Masterclass.

Two years ago, Sue and Kenny were offering private lessons in Aviemore. Like Alan they have been qualified ski instructors for 25 years and taught mostly in the UK. They met in St Anton in 1981 where, Sue says, they "all had the same idea at once": setting up an English-language school in the Alps. For Sue and Kenny, it was the perfect time to go abroad, their three children had grown up and left home.

They decided on Courchevel 1850 where Alan had worked

briefly the previous year. It has, Sue says, "ideal teaching terrain". Courchevel offers a vast skiing area at high altitude and is popular with British skiers.

In spring 1991 they gained the French instructors' diploma. They started teaching in December but without the priority access to ski-lifts and

free lift passes enjoyed by instructors from the Ecole de ski Français.

The business cost little to set up. The three rented flats for the season and bought matching ski suits. They sold lessons from the reception area of the Ski Lodge, a hotel in Courchevel 1850 run by the British tour company Ski Activity, mostly to Ski Activity's clients.

The three also visited other tour operators' chalets on Saturday evenings and Sunday

mornings to fill spare places. Classes were limited to eight compared with a supposed maximum of 12 at the ESF.

There is no shortage of qualified ski instructors in France where there are 42 alternative ski schools in addition to the ESF. Outliers find it difficult to break into the local monopoly. The local mairie controls

and to sell clothes from Kenny and Sue's shop in Aviemore.

At the end of the first season, Masterclass was approached by Wendy Parrot, a former ski company rep, and her fiancé Jean-Yves Lapeyre, whose company Wavehill International ran Ski Cocktails schools and shops in Courchevel, Meribel and Meribel-Mottaret. Ski Cocktail was struggling in Courchevel. Lapeyre offered to invest in Masterclass. This would entitle Masterclass to the same same privileges as Ski Cocktail which had won equal status with ESF after court actions by Lapeyre against Meribel's mairie and ski-lift company.

The five founded a holding company - Auld Alliance SA. Lapeyre owns 51 per cent of the shares, but Alan, Sue and Kenny are in charge and enjoy better administrative back-up and more capital. They call themselves Ski Masterclass.

Demand was so great that Masterclass needed more English-speaking instructors. It also needed an office and a shop to rent out equipment

to buy all the equipment for the shop from scratch was a bit of a shock," says Sue.

They had to buy far more equipment than they anticipated, ending up with 150 pairs of skin and bindings and 100 pairs of boots. They expect to spend FF170,000 a year on replacing equipment. Equipment rental should bring in about FF450,000.

This season a fourth instructor Dave Renouf and a full-time equipment technician joined. Most bookings come through the shop, but on Saturday and Sunday the instructors still go to the Ski Lodge and to Courchevel 1850 to take bookings, communicating frantically with Wendy in the shop over a walkie-talkie.

Masterclass offers five different two-hour group classes for adults at FF600. "It's more expensive than the ESF, but we teach in English and only have eight in a group," says Alan. Private tuition costs FF400 for the first person and FF200 per extra person up to a maximum of four people.



Masterclass: Sue Dickson, Dave Renouf, Kenny Dickson and Alan Hole

This season, Masterclass is turning clients away and lessons should bring in some FF750,000 which is on target.

Sue believes that Masterclass has been too small to be affected by the recession, but admits people are buying less ski-wear than she had hoped.

Kenny says the aim is to grow the business through off-piste courses, race camps, touring and children's classes. The main problem is finding British instructors qualified to teach in France. However, he expects a standard European qualification to be implemented from May 1993, which would allow more British instructors to teach.

It is a relatively straightforward business and there have been few problems. All the instructors apart from Kenny - who is trying valiantly - speak fluent French and relations

with the local ESF are good.

Masterclass has full third party insurance cover; an instructor's worst nightmare is causing injury to a client.

Judging from the lessons I attended, it seems more likely to be the other way round.

Total turnover for the 17-week trading period is expected to FF12m. After salaries have been paid, it does not leave a lot but, as Sue says, "it's comfortable". The environment is one compensation.

As one of the instructors said, gesturing at the mountains basking in the sunlight, "this is my office."

■ **Ski Masterclass, Galerie du Forum, Centre Station, Courchevel 1850, France Tel 010 33 79 08 22 00**

■ **Out of season: Sue and Ken Dickson, Railway Terrace, Ardmore, PH2 1SA, Scotland, 0473 310514.**

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SPORT / MOTORING

THE ANGULAR lines are softened only slightly and the 850 looks like a traditional Volvo estate car. But appearance deceives; it is a different animal.

The ever-popular, rear-wheel driven 240, 740 and 940 estates can all be traced back to the original 144 of 1967. The 850 - front-wheel driven and powered by a silky, sideways-mounted, multi-valve, five-cylinder engine - is the load-carrying version of Volvo's latest (and best by far) sedan. It has just gone on sale in Britain at prices ranging from £17,795 for the two-litre 850 SE to £21,385 for a 2.5-litre 850 GLT.

Volvo has pitched the 850 estate at younger owners with fewer encumbrances: in short, the kind of people who want a car that drives

Motoring/Stuart Marshall Volvo estate goes glam

responsively but need the versatility of an estate. The company expects to sell around 3,000 in Britain this year and thinks many will go to fairly affluent family men in their late 30s; in other words, typical Audi or BMW drivers. Such drivers would not previously have considered a Volvo because they felt they were not old enough.

The 850 estate will, I think, surprise and impress them. Like the BMW 5-Series Touring (this column, April 24) or an Audi 80 or 100 estate, it combines sporting verve

with reasonable bulk-carrying capacity. Handling and road-holding are, of course, as safe and predictable as one expects of a Volvo. But there is no trace of the cart-horse about an 850 estate. It is a car in which long journeys on winding, hilly roads

are shock-absorbent, yet it corners with a sporty saloon's precision. A 33ft (10.2m) turning circle makes it as handy in confined spaces as a small hatchback.

Volvo claims the 850 is "probably the safest estate on the market." Its body sides are single steel pressings laser-welded to the roof, and the force of a side-on impact is distributed over several elements to retain survival space. Anti-lock brakes are standard and a traction control system, using the same electronics, is an option. Front-seat

airbags will be available later in the year.

While the 850 is no match for a traditional, rear-wheel drive Volvo estate in sheer carrying capacity, it will be big enough for most buyers. (How often do you see a Volvo estate crammed absolutely full?) With the split-fold rear seat back-rest down, the load floor is a mere 64.5in (163cm) long compared with a 240's 77.5in (194cm) or a 940's 74in (185cm). But the rear cushion folds forward to protect the front seat-backs, and converting the 850 into a load-carrier could not be easier.

Meanwhile, if you have a Volvo 240 and use it as a bulk cargo-carrier, do not wait too long to order a replacement. This cheap (from under £14,000 list) and ultra-roomy veteran will not be available after October. It will be missed sadly.

Golf

Japanese tee ceremony

THE CAR pulled up slowly and carefully at the crest of a hill and two men clambered out eagerly. In front of them was a patch of earth, smooth and flat - a tee, clearly, but one without any grass. The land plunged violently downhill to a pond ringed with wooden stakes. Beyond lay the green, slim and enticing and tilted slightly from back to front.

"Welcome to the 12th hole," said Masao Nagahara. "What club would you like? It is 180 yards to carry the water. The wind is following. I think it is a five wood or maybe a three iron. I lose many balls on this hole."

This was the scene at the London Golf Club last Tuesday morning. Wherever you looked there were men at work, raking, digging, hoe-ing, smoothing, finishing. The concrete cart paths, eyesores on any course, reflected the May sunshine. Far away in the distance, near where a gentle snore rose from the traffic on the M20 motorway, a gang of men picked up stones.

I took the five wood and tucked my tie into my shirt. "This is how Harry Vardon, Ted Ray and Francis Ouimet dressed when they played off for the 1913 US Open," I said. Nagahara giggled. He giggled a lot. He was entitled to. It was his course, his club, his ball. The whole shooting match as far as the eye could see was his. My shot flew over the water and the green before thudding into the retaining bank.

"Congratulations," said Nagahara, grinning. "You are the first journalist to carry the water at this hole."

The London Golf Club, which sprawls over more than 600 acres near Wrotham in Kent, will open in September. It has two courses, one designed by Jack Nicklaus personally, the other by Ron Kirby, an employee. At a conservative estimate of £20m, it is the most expensive new club in Britain.

If anyone can afford it, Nagahara can. He earned his money by buying land around Tokyo. As the city expanded, so did at ever-increasing profits. First he endowed a foundation in Osaka, the Osaka Sports College. Then, he endowed himself.

"This country is the home of golf," he said. "I thought to myself: I will build a golf course in Britain. Golf and life are very similar. They both have many dramas. When you play 18 holes, you have 18 stories."

A stocky man with the forearms of a stevedore, he is besotted by golf. As he piloted a Nissan saloon car around the site of his creation last Tuesday, he was asked if he knew the old joke about Nicklaus: "He was given an unlimited budget to build a golf course and he exceeded it."

Nagahara laughed so much, he almost choked. "Jack Nicklaus is the best," he said. "He is known for that. I knew he was expensive but he is best." He giggled again. "I am proud. This course is all paid for. There is no mortgage."

The London Golf Club might be the most expensive Japanese golf venture in Britain

(and perhaps outside Japan) but it is by no means the only one. Since the mid-1980s, when their economy was booming, the Japanese have had both a yen to spend and the yen to do it. Hitoshi Matsunaga bought the Turnberry hotel and golf club in Scotland sight unseen.

"As long as I have been building and running golf courses in Japan, I have always wanted to own a course in the home of golf as well," said Matsunaga. "Everybody in Japan has heard of Turnberry."

Before this, Zenya Hamada had bought the Old Thorns club near Liphook, Hampshire, before selling it on to London Kosaido, the London subsidiary of a Japanese printing group. The Buckinghamshire, owned by Asahi Breweries, is in operation near Denham, and The Oxfordshire, a lavish club built near Thame by Matsunaga's Nitto Albion Company, will open this summer.

This move into golf in Britain by the Japanese was part an investment and part a reaction to the prejudice against them that exists at many British clubs. For years, the Japanese had been one of golf's under-classes, like women and Jews, victims of racial prejudice. The Jews

John Hopkins
plays a round
with a millionaire
club owner

overcame the prejudice that was shown to them by building their own clubs: Dyrham Park and Harlstone in the London area and Moor Allerton near Leeds. Now, the Japanese are doing the same.

At the London Golf Club, the aim is for 70 per cent British, 10 per cent international overseas members - and the rest Japanese. The clubhouse contains western-style showers and Japanese o-furi baths as well as a spike bar and a Japanese restaurant.

Nagahara himself is as west-ernised as he could be. At lunch at a local pub, he drank a lager to wash down hamburger and chips doused in tomato sauce and mayonnaise. Before taking me around his course, he donned a golf cap, put a camera around his neck and said: "Now, I am typical Japanese tourist."

Later, he insisted on taking my picture outside the handsome clubhouse.

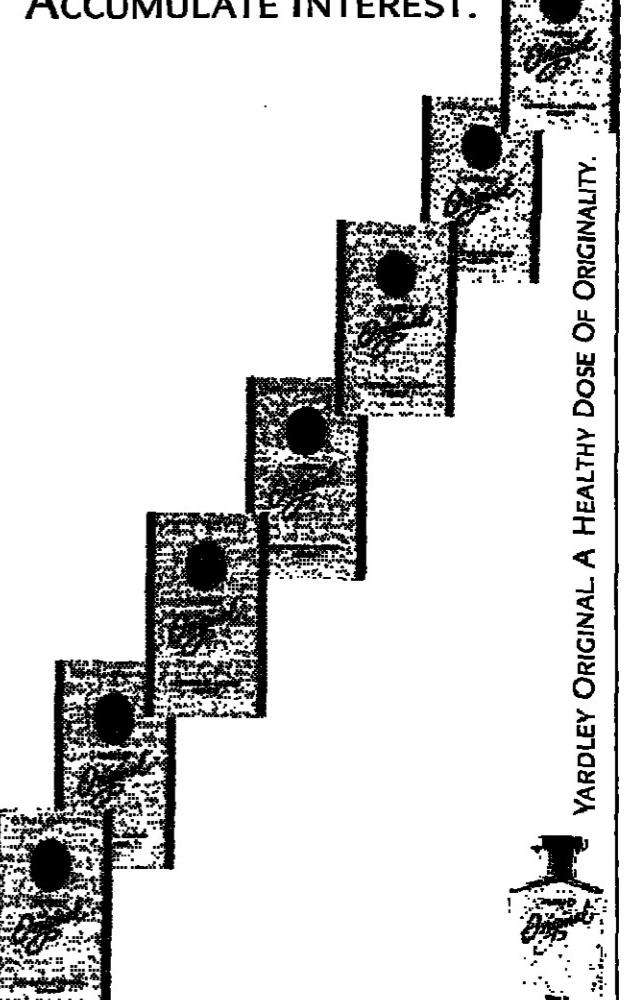
Even Japanese money, however, must bow to British traditions. A public footpath passes through the site of the London Golf Club and no amount of money could divert it. "Sometimes, we Japanese do not understand the British," said Nagahara, clearly puzzled.

We drove through a glade thick with bluebells. "Smell them," commanded Nagahara.

"They are beautiful." We visited the manor house, sadly in decay but soon to be renovated, with the oldest apple tree in Kent in its garden.

Masao Nagahara looked around at all the beauty that Kent, one of England's most bountiful counties, could lay at his feet. "May in England is a wonderful month," he said.

ACCUMULATE INTEREST

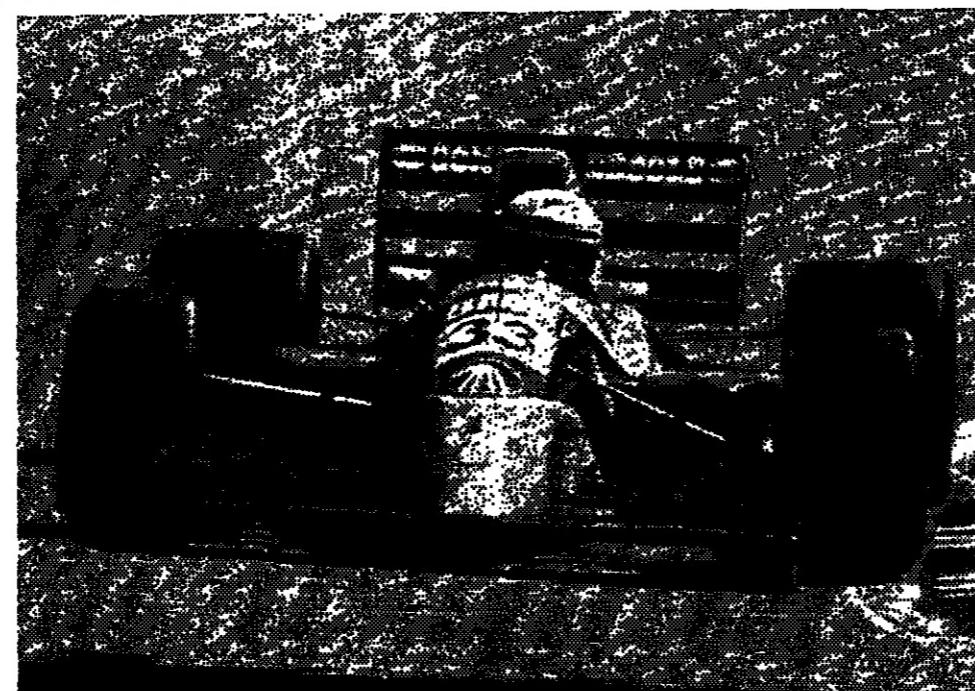


Motor Racing/Martin Jacques

Formula which can't find success

THIS British Grand Prix at Silverstone is one of the premier events in the sporting calendar, attracting a crowd in excess of 200,000 over three days. The 16 grand prix that make up the world championship all draw big crowds. But motor racing, unlike some other sports, resembles a head without a body. International football matches may pull the punters in, but so does the Premier League every week. Test matches attract big crowds, but so do the one-day knockout competitions. Apart from the grand prix, however, attendances at motor races are unusually very small.

Last Monday, there was a Formula 3000 meeting at Don-



Practice lap: Alessandro Zanardi in his F3000 days. He now races for Lotus in grand prix

ington Park. You have probably never heard of the formula but, in the motor racing pecking order, it is second only to Formula One. The cars look like F1 cars. The engines are very powerful, the racing is always close and, for the drivers, it is the last stepping-stone before F1. Since it was introduced in 1985, virtually all grand prix drivers have graduated via F3000. Yet the crowd at Donington Park was a paltry 5,000 and the one for the meeting at Silverstone tomorrow will be little better.

The problem is not confined to Britain. Only when the race is held during a grand prix weekend, as at Spa in Belgium or Hockenheim in Germany, do attendances become respectable. The other exception is the street race at Pau in the Pyrenees when motor racing goes to the people. The fact that F3000 meetings attract such small crowds is partly a function of the limited draw which motor racing remains outside F1. But that is not the only reason. F3000, unlike F1, is starved of publicity. The key is

television. This has transformed the profile of F1 since the mid-70s, and is now beginning to work its magic on the British touring car championship which is being broadcast regularly by the BBC. Apart from small satellite stations, however, F3000 gets no television coverage whatsoever.

Wandering around a more or less empty Donington last Monday, the inevitable question was: how does the whole thing survive? There are few spectators, no television receipts, and little advertising. And F3000 does not come cheap: a new Reynard, the dominant chassis this year, costs £115,000, two engines for the season a further £125,000, and the electronics some £30,000. This is just for one car, and most teams run two. Then there are the staff, perhaps 15 or so full-time. One could go on: the tyre bill for the average team at Donington was over £7,000. And then there are the fixed costs, the transporters, the office and so forth.

Keith Wiggins, the owner of one of the top teams, Pacific Racing, estimates that, to do the full nine-race season with two cars, he needs to raise £1.2m, most of it through sponsorship. So far the team has £300,000. Unlike in F1, though,

where the teams raise the bulk of the sponsorship money themselves, in F3000 the drivers are responsible for getting most of it. In Pacific's case that means more than 80 per cent. The two drivers, David Coulthard and Michael Bartels from Germany, have raised money from British and German companies including Crooks Healthcare, Highland Spring and RH Allard, a German wheelmaker.

So what happens if teams like Pacific fail to raise all the money they need for the season? A favoured route is for teams to replace drivers in mid-season with new drivers

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FASHION

Dressing for the Professions: The Lawyer

The evidence points to the judge in moonboots

THE LONG arm of the law is dressed, according to convention, in sombre black, charcoal or navy. This is not so true universally as it used to be, except for formal court appearances, but the outside world could be forgiven for assuming that little has changed since the days of Dickens' Jarndyce and Jarndyce.

Lawyers never feature in the "best-dressed" lists and the law is arguably still the most conservatively dressed of professions partly because of what City solicitor Julian Harris calls "the dignity of the law."

Lord Mackay of Clashfern, the Lord Chancellor, recently issued a discussion paper questioning the basis of formal court dress, but, says Harris: "Clients like to see their lawyer in a gown and a sober suit. It implies seriousness and reliability. I always wonder how American lawyers, in short-sleeved summer shirts and no tie, command any respect."

The word that trips most regularly off legal tongues in relation to their dress is "professional". The universal drive is for appropriateness, although the sombre public image of lawyers is self-perpetuating in that most like to dress as the client would expect. There is also a tacit suggestion that dressing trivialises the profession.

Yet thinking about their own dress and commenting on that of others is rife. It is perhaps inevitable that a profession which thrives on details and minutiae, and which dresses in uniform, should register any act of non-conformity - a tendency magnified by the cloistered, collegiate atmosphere of the Inns of Court. Equally, there are those who, within the obvious constraints, make a point of expressing their individuality, subtly.

Charles Gray QC, a libel specialist involved in many cases brought against the media, is regarded as cutting a dapper figure. His wide-lapelled, double-breasted chalkstripe suit - bought off-the-peg - gold cufflinks and discreetly bright tie are as effortlessly stylish as the comfortable antique furniture in his chambers. But he says: "This is a profession where one is deliberately

not making a statement. A court is a formal situation where minimum standards must be maintained and not to do so would have a deleterious effect. So we agree on a dress code and it is not an issue. Anyone keen on exotic dress would be unlikely to choose the Bar as a career."

He agrees there have been changes. "Twenty years ago barristers still wore a costume of black jacket, striped trousers and bowler hat and more recently a waistcoat was the rule in court. Now double-breasted suits are more fashionable. Standard dress does alter but not in a time-scale of less than five years."

Julian Harris is more openly

flamboyant. His suits are traditional enough - with a penchant for nostalgia. He has three-piece suits made by Hackett - but he believes "one can express individuality with colour, in ties, shirts and socks." A senior partner once told him that "a tie should always mean something" implying it should be club or regimental. To Harris it should mean something about the wearer's personality. His own occasional treat is a Hermès tie, justified by the fact that at least two of his clients wear them.

"Years ago when I was still articled, I once wore a three-piece tweed suit. The senior partner merely said, 'off to the country are we?' but I've never done it again."



Charles Gray, QC, in his off-the-peg double-breasted pinstripe suit, off-white shirt and 'discreetly bright' tie

Even less is needed to cause comment out of London. Nick Toovey is a partner in a big Cambridge firm, with clients varying from farmers to academics and high-tech companies.

"Our style is not as provincial as the brown tweed suits you might find in a market town practice," he says. "I dress as I think the client would expect and that usually means a dark suit. But in summer I occasionally wear a lightweight suit or jacket and trousers which my colleagues find quite radical. I also like the individuality of bow-ties which are a bit of fun when the client is appropriate."

Another aspect of the law's eye for detail is the network of rules governing dress in court which are rigorously applied by some judges and not just elderly male ones. Baroness Mallalieu, QC, saw a particularly fierce woman silk, now retired, castigate a young female barrister wearing a black but sleeveless dress. The barrister bought a pair of long evening gloves and cut off the hands. Women in striped shirts were known to hide in the robing room lavatories until the same silk was out of the way. Lady Mallalieu was told off as a young barrister when, having scraped her long fair hair back so it was invisible from the front, the resulting ponytail showed outside her gown.

Dress is still a sensitive issue for the growing number of women lawyers. Some fashion companies aim to help - Austin Reed has a specialised department and runs conferences at its stores round the country. Robe suppliers Ede and Ravenscroft recently asked young designer Bella Freud to produce a capsule collection, though its uncompromisingly pinstriped nature is not to everyone's taste. They are also stocking the shirt range by Madeleine Hamilton, herself a former solicitor, who appreciates the need for good-quality shirts that are plain, comfortable but with interesting details.

Younger women lawyers see little need for such specialist sartorial resources. Gillie Belsham is a young partner in a City solicitors' firm. Her work, which concerns marine insurance, includes court appear-



Gillie Belsham in a favourite wool crepe jacket by Arabella Pollen, a wool crepe wrap skirt from Austin Reed, a cashmere sweater and a soft chiffon scarf. Hair and make-up by Kev Simler

ances, client meetings and ship inspections worldwide, and gives scope for a surprisingly varied wardrobe.

"I am not afraid to look as if I'm interested in fashion as an expression of my personality," she says. "It should never obscure my professionalism but I won't spend my working life in a sub-knee A-line skirt. I want to look and feel confident and efficient and don't want to think about my clothes once they are on. And the law is no longer a 'man's world' where one might feel the need to ape men in pinstripes or manish jackets."

She has evolved her own version of the working woman's wardrobe - non-matching jacket and skirt just above the knee, with the jacket dark for court, bright or pastel for

client meetings, the skirt always dark, with a simple silk or cotton shirt or cashmere sweater, complementary but discreet jewellery and bright lipstick. She likes feminine, fitted jackets, either short and curvaceous or long and collarless, and finds she gets more mileage and fewer mistakes from designer labels than the middle market - Valentino, St Laurent and Anne Klein are her favourites.

Having declared her interest in fashion, she finds her style changing faster than the men's five-year-plus timescale. The power suit looks dated now and chiffon scarves, softer necklines and more fluid fabrics like crepe are creeping into her wardrobe. A wrap crepe skirt looks smarter with her fitted jacket than the straight jersey skirt she would

Avril Groom

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Good design can save money and time

Lucia van der Post on small, domestic architectural projects

COME difficult times and architects are among the first to suffer. The last few years have been tougher than any in living memory. From big companies, to small, specialist groups, hardly one has not had to rethink, retrench and regroup.

Bad times for architects are often good times for clients. In Britain a host of young, hungry practices now has the time and energy to invest in small projects – which means that customers will get better value than ever.

Clients can be rewarded with the undivided attention of some talented architects. For the architect, any project, no matter how small, is better than no work at all, and, after all, small projects can

eventually lead to bigger ones. Many are hungry for the work experience and some actually prefer smaller projects.

One reason why architects in the UK are not better used – and better understood – seems to be nervousness on the part of the public. Many people seem to feel that using an architect is the path to outrageous extravagance – if not uncompromising design.

Zeev Aram, of Aram Designs, believes passionately in persuading people that architects are much more than an expensive luxury. A good architect can provide a better solution at lower cost than the haphazard amateur approach that most householders adopt on their own.

Hoping to make the public more aware

of just what a difference a good architect can make to any house project, Zeev Aram has taken an exhibition, originally on at the Royal Institute of British Architects in Portland Place, London, and is displaying it in his Hampstead, London, showrooms where he hopes to attract the house-converting classes.

Every project on show has cost less than £50,000 and I feel sure that visitors will be amazed at what good value clients received. The work of Britain's young, most promising architects is on show.

The exhibition is on at Aram Designs, 65 Heath Street, Hampstead, London NW3 8UG from now until May 16, so hurry, hurry. Featured on this page are a few of the most domestic projects.

Light, airy and small

WHEN JEREMY Melvin, a working journalist and academic, bought a top-floor flat in a standard end-of-terrace Victorian cottage near Waterloo, he was faced with a familiar problem – how to conjure a light, airy environment out of an intrinsically restricted space, how to find a working area for himself and shelves for all his books.

He asked Alford Hall Monaghan Morris Architects to tackle the problem.

The flat was too small to lend itself to a major conversion. Melvin's main brief to his architects was to rewire, clean up and redecorate, tidy the kitchen and bathroom and create space for him to work and hold large parties.

The solution to the study area was partly inspired by an Antonella painting in the National Gallery (photographed here) and partly by Melvin's own statement that the hall, between the living and bedrooms, he found was one of the most congenial parts of the flat.

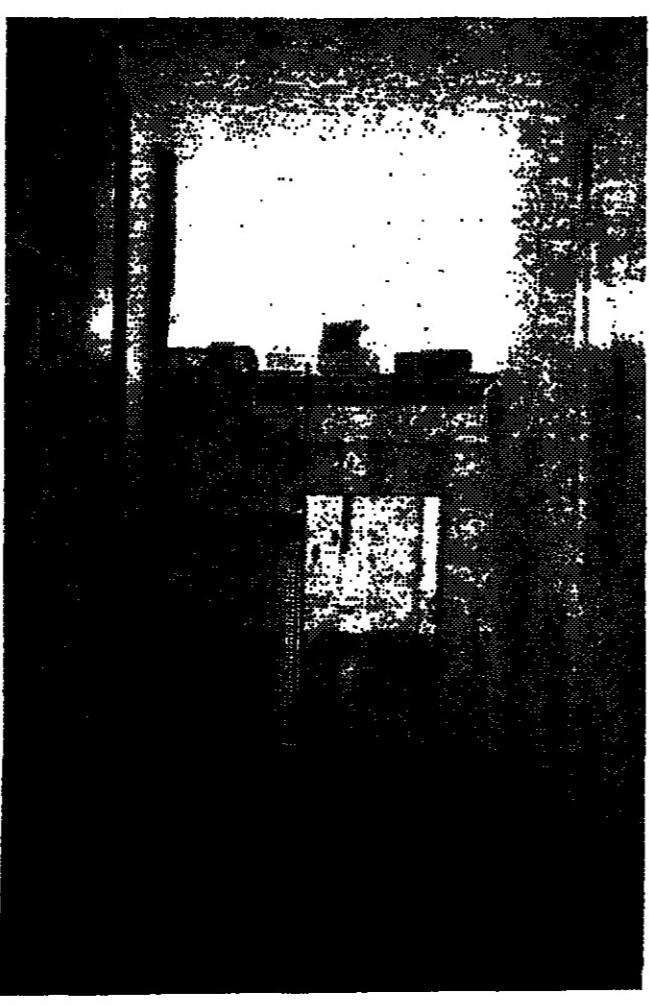
Using the headroom over the landing and space above the head of the staircase, a study area was made. The whole structure – desk, platform and toughened glass balustrade – is cantilevered off side walls by a steel structure. The end

result is light and airy. The desk, of aluminium honeycomb sandwiched between two pieces of glass, reflects light and yet is sturdy enough to support necessary equipment.

The wall in the hallway is now filled with books. To meet the brief for a space large enough for a biggish party the doors into the living-room and into the kitchen were widened so that the two spaces could be united.

The end result is simple and functional but with enough character to please the eye and spirit as well. All this was done for £20,000.

■ Alford Hall Monaghan Morris, 9 Alfred Place, London WC1E 7EB; tel: 071-323-2080.



A conservatory without historical pastiche

STATISTICS tell us that adding a conservatory is top of the home-improvement popularity pole – but you have only to look in most decorating magazines to see that the prevailing taste seems to run to Victorian or Gothic-style reproductions.

Form Design, with a fascinating project carried out on a listed house in Montpelier Row, Twickenham, not only has provided a successful solution for a particular house, but may perhaps provide inspiration for those who have always felt that there ought to be more to conservatory life than historical pastiche.

Montpelier Row dates from 1720 and the lower ground

floor area constituted about a quarter of the house area, but it was dark, dingy and unattractive. Form Design's brief was to liberate the space, to create a family kitchen and dining area as well as the conservatory, and to respect the original fabric and architecture of the house.

Form Design aimed to make any new addition as neutral as possible and as contemporary as possible. As Malcolm Crayton, the architect in charge of the project puts it: "We wanted to design in the spirit of the original building but did not want to create a pastiche."

The result is a clean, simple solution, which depends on a

light touch, a respect for proportion, for simple planes and shapes. The company achieved this by building a frameless glass structure which allows the light to flow in from the south-facing garden.

The company reversed the positions of the dining and kitchen areas. The low ceiling is scarcely noticeable. All the finishes are light, from the steel and maple kitchen island, echoing the large, traditional kitchen table, to the honey-coloured limestone floor and colour-washed walls. Total cost of the project was £247,500.

■ Form Design, 67-69 Chancery Lane, London, WC2A 1AF. Tel: 071-831-3850.

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How minimalism changed Patricia's lifestyle

PATRICIA LIJAZ decided to get professional architectural help when she could not sell her dark and cramped London flat. In despair she decided that if she could not sell it she might as well see what an architect could do to make living there more bearable.

She found Jonathan Woolf and her life was transformed. The ground floor, one-bedroom apartment took up just 70 square metres in a Victorian mansion block. The kitchen was too small, the bathroom too large and the corridor long and claustrophobic.

Much of the skill of the conversion depends on Jonathan

Woolf's skilful use of light which gives the whole flat a warm airiness. All is designed to give the illusion of greater space. Much thought has gone into the small things that contribute to the sum of the whole – the placing of a sofa, how to link the rooms visually, what materials and surfaces to use, which direction to lay the floorboards.

There is a suspended gallery which Jonathan Woolf devised to "liberate the space". This provides the study area and a steel ladder links it to the ground. Wood floors replace fitted carpets. Where once there were ponderous radiators

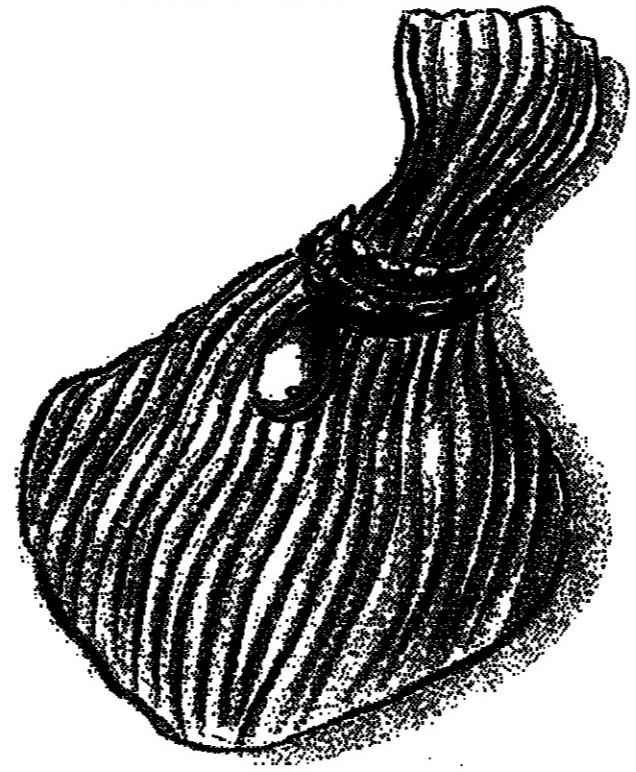
now the heat source is invisible, hidden under the floorboards. The curtains came down and were replaced with blinds. New and taller door openings encourage Patricia to use the whole apartment as one space. Fiddly, unnecessary details have been removed, liberating not just the space but the eye, so that the whole flat has an air of calm.

The space is still small, but the air of depressing darkness and smallness has gone. Patricia Lijaz has embraced minimalism and found she likes it.

■ Jonathan Woolf, 49-51, Rathbone Street, London W1P 1AN. Tel: 071-637-0991.



Elite and silky pleats



E LIZABETH HALWAS does wondrous things with shimmering lengths of Indian silk. She starts by pleating it, Fortnum-style, and then she turns the results into accessories. Most desirable are probably her bags in gold, bronze, silver, green, purple, or almost any other colour – each one different.

Many come embellished with beads – either antique Indian silver, onyx and hermatite, tiger eye or any semi-precious stone. Others are embellished with fresh water pearls or oyster shell and real pearls. She is willing to make to order.

Plain silks come in all colours but there is a heavier metal and silk mixture which comes only in silver, gold, green or purple.

Sketched here are just two examples of her designs. They are almost works of art in themselves and are clearly for nothing more practical than an evening out to dinner.

Prices range from £90 to about £140. Lucienne Phillips, at 89 Knightsbridge, London SW1, has a good selection. Otherwise they can be bought directly from Elizabeth Halwas, 34 Cornwall Gardens, London SW7 (by appointment only, tel: 071-277-5563). She is also happy to dispatch by mail. Halwas also does beautiful

scarves – a sliver of pleated gold or bronze at the neck does wonders for the most boring black dress. For those who fall in love with the fabric she can do larger garments. She would be happy to discuss designs by telephone.

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PROPERTY

The lure of life down by the old mill stream

OWNERS of water-mills must like water. Even if the leat – the channel that takes water from the main stream to the mill – has dried up, the river will be flowing nearby.

Watermills are not for parents who worry about children falling in. But they make satisfying, romantic houses, rich in associations. And there are plenty of them – if often ruined – since, from medieval times onwards, every community wanted its own mill. Like blacksmiths' forges, they were essential to agricultural life.

Wind and watermills made cheap power, as hydro-electric schemes and wind farms continue to do. With the Industrial Revolution, the principles of grinding flour by water power were adapted to textiles and other industries, and the word "mill" took on the extra meaning of a factory.

Millers prospered, and often had a reputation for being unscrupulous. The usual way to pay them was a proportion of the flour, which they sold on. Chaucer wrote about a 16-stone miller with a wart on his nose while George Eliot in *The Mill on the Floss*, has the stubborn, eager-to-expand and irascible miller Tulliver ruined after losing a case about water rights. But Petham Mill in Constable's paintings has a peace that greed could never disturb.

Few windmills have become houses, since their wood has not survived so well on the exposed sites they need and being round makes them more difficult to adapt. Also, they are colder than watermills, sheltered in the valley. But Gibraltar Mill at Great Bardfield, Essex, a 17th century brick tower mill with a boat-shaped cap, has just been sold

by Mullucks Wells for close to the asking price of £195,000. As you would expect, it has splendid views and some internal machinery survives. The stocks, sweeps and fantail outside were renewed in 1988.

If you are looking for a watermill, decide if you want one that still has its machinery, either working or derelict. Do you want to restore it as industrial archaeology? Or will it be a relief if only the pond and mill race are left?

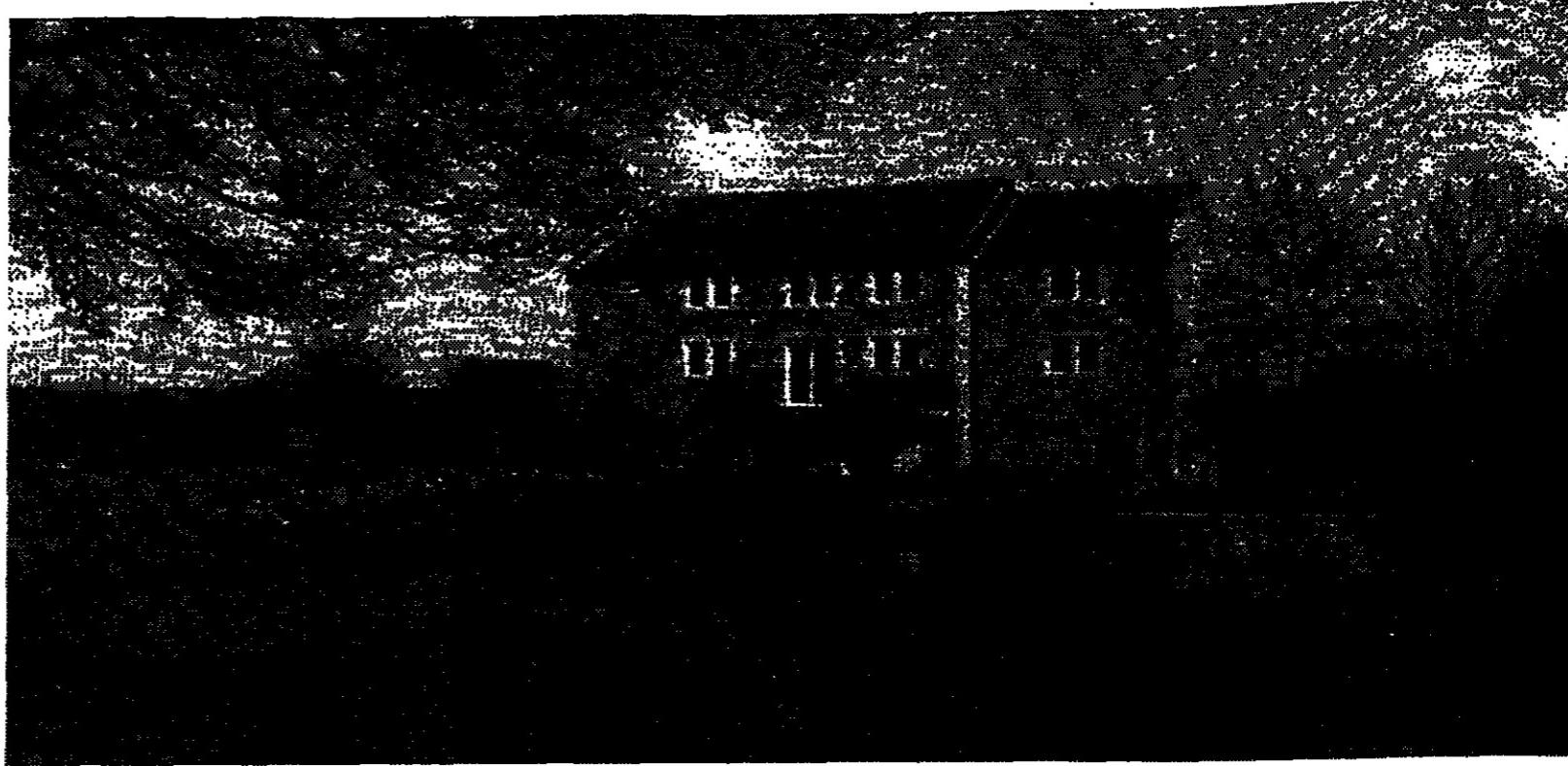
If the leat is dry, it becomes a curious channel in the garden to remind you of what is no more. If it runs, does it have trout or could you stock it? (If you want to remove machinery and the mill is listed, check with the district council to see if that needs listed building consent because the equipment counts as fixtures).

Several West Country mills are for sale. Cheapest is The Mill in the village of Heasley on Exmoor, with the old

drive wheel and two sets of granite millstones in what is now the kitchen. Stags in Dulverton offers it for around £115,000. The South Molton branch of that firm selling Colleton Mill, near Chulmleigh between Exeter and Barnstaple, making a substantial house for £135,000.

The Sack Hoist is a penthouse flat in the mill at Kintbury, which overlooks the railway line to Cambridge. It is the Mill House at Elesham, a village near Bishop's Stortford that gave its name to a range of jams. It is built of brick with a diamond pattern in the roof tiles, and dates to 1668 when a London family settled there after fleeing the plague. Inquiries to Mullucks Wells.

Plashet Mill, five miles from Blairgowrie in Perthshire,



Above: Iron Mill in Somerset, with fishing rights on leat and river, for £210,000. Below: Bishopstrow Mill in Wiltshire where the mill race runs under the drawing room floor. Price: £270,000

D. Wood is seeking £120,000 for this unusual abode.

Nearby in Boxford, and close to junction 13 on the M4, is the Mill House is more conventional. It also has trout fishing – on the river Lambourn – and comes with 18 acres for about £650,000 from Strutt & Parker.

In the Suffolk countryside painted by Constable is Raydon Mill, on the river Brett

Scotland, was a derelict woolen mill until converted recently. It has a splendid site above the Black Water at Bridge of Gally, and offers over £195,000 are sought by Savills in Brechin.

Tomorrow, meanwhile, is National Mills Day when the Wind and Watermill Section of the Society for the Protection of Ancient Buildings (37 Spatial Square, London El 6DY) urges a visit to your local mill. This essential group for mill buffs publishes a newsletter which includes a regular list of mills for sale.

An Italian proverb says: "Mills and wives are ever wanting." At least you can buy a mill on the open market and test this saying's veracity...

■ Further information from: Cluttons, Bath (0225-469-511); Gribble Booth & Taylor, Barnstaple (0321-75-784); Hamptons, Salisbury (0722-411-353); Jackson-Stops, Yeovil (0935-740-66); Knight Frank & Rutley, Oxford (0865-190-077); Mullucks Wells, Bishop's Stortford (0279-755-400); Savills, Brechin (0356-622-187) and Ipswich (0473-226-191); Stans, Dulverton (0939-33-174) and South Molton (0763-572-263); Strutt & Parker, Newbury (0635-521-707); John D. Wood, Newbury (0635-523-225).



Chaucer and George Eliot wrote about it but prospective owners must have a liking for water, says Gerald Cadogan

near Basingstoke, Hampshire, a warm 17th century brick and timber house converted as early as 1910. It has eight acres and trout fishing on the river Whitewater; from Strutt & Parker.

Dearer, and easier for London,

near Hadleigh. The main room has a glass panel in the floor to see the mill race. With a mill cottage, outbuildings, fishing and four acres, it is on offer for around £350,000 from Savills in Ipswich.

Cheaper at £295,000, perhaps for being beside the railway line to Cambridge, is the Mill House at Elesham, a village near Bishop's Stortford that gave its name to a range of jams. It is built of brick with a diamond pattern in the roof tiles, and dates to 1668 when a London family settled there after fleeing the plague. Inquiries to Mullucks Wells.

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Plashet Mill, five miles from Blairgowrie in Perthshire,

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GARDENING AND PERSPECTIVES

Storm-smashed Tresco proves there is life on earth after death

Robin Lane Fox visits the Isles of Scilly and finds that a horticultural paradise is being regained, slowly

I HAVE JUST spent two days walking through a paradise which is recovering from disaster. Disasters are not supposed to happen in paradise and they make me desperate but, in future, I will remember Tresco - the proof that there is life on earth after death.

For more than 100 years there have been huge, private gardens dotted out in the Atlantic at Tresco abbey on the Isles of Scilly. In 1883, the *Gardeners' Chronicle* wrote: "Never have the fine sub-tropical gardens of Tresco presented such a remarkable appearance as at the present time, nor has its equal been seen in any other part of the United Kingdom, perhaps not in Europe."

In those days, there was no helicopter to shorten the journey - although there was a railway to Penzance, which was possibly no slower than the modern version on a bad day.

Nonetheless, for years I never went there. The flora sounded completely alien and needed an Arthur Helyer to understand it. I dislike palms, and some of the old photos implied a style of seaside bedding which looked as if it was training for Britain in Bloom.

Paradise repaid the compliment and managed happily without me until I planned to catch a boat in 1987. It forestalled me by falling to pieces: a freak month of snow and chilly wind beset the gardens and murdered the flora, which had never known such conditions before. The famous flame trees died by the score and more than 90 per cent of the rarities from the Antipodes were destroyed.

The staff tried to rally under the leadership of Mike Nelhams, then only 30 but appointed as head gardener a short time before. By 1990, progress had been promising and I planned again for a visit. But paradises do not like atheists: a stupendous gate in January that year wiped out



Paradise in the process of repair... how Tresco looks today. English Heritage is helping with the restoration

the tall cover, ripped through the boundary trees and disposed of the garden's backbone. If I had been in charge, I would have resigned the following morning.

Not so Nelhams (or Tresco's present owner, Robert Dorrien-Smith). Perhaps it was fortunate that disaster befell two men young enough to be resilient. While the older, life-long staff were distraught, Nelhams could see the chance for a resurrection - rather than a mindless restoration - with

the scope for variation and possible improvement.

Such is Tresco's collection that it is easy to forget the place was funded entirely privately. A century ago its founder, Augustus Smith, was known for being almost too covetous of plants and "gifts" from the Royal Botanic Garden at Kew, in London. His successor maintained equally wide contacts - among them, the great garden at La Mortola, the child of the Hanbury family who were planting in a remarkably similar style.

Since 1987, Tresco has been begging once again from Kew and ordering seeds from the newly-revived La Mortola list. English Heritage has made a generous commitment to an

agreed five-year plan, which could cost up to £400,000 eventually and involves massive clearing and replanting several thousand trees on the adjoining hill.

Otherwise, Tresco has to

fund itself to the tune of about

£90,000. Up to £20,000 comes

from its notable plant stall and

most of the rest from visitors' fees.

There might be rather

more if a stop could be put to French visitors' occasional habit of rear entry. The less

thoughtful of them still stand

on the beach and - as I discovered while inspecting the nursery - enter illicitly, like Norman raiders, over the low garden wall.

The rest of you should cer-

tainly go through the gate and

enjoy what is on show already.

Masses of plants are in flower,

the famous hedges of holm oak

are still in place; the Canary

Island palms seem quite

untroubled; and rarities from

Mexico have proved much

tougher than expected.

On almost every point, my

mind's-eye view of Tresco has

been refuted. I had thought the

place was an unstructured jungle;

that the plants were all

steamy cacti; and that you had

only to plant a cutting and the

Gulf Stream, the soil and the

water would hurry it to

maturity within three years.

Admittedly, there is a plant

from Tresco in the Guinness

Book of Records: once, a yucca

Whipple grew more than 12 ft

in only 14 days. The growth,

however, was its flower stem.

Elsewhere, progress is much

slower.

The garden is very dry: the

soil is less than 2 ft deep above

much of the granite and the

staff of only four full-timers

cannot water seriously in 12

acres of flower-bed. It rises

steeply from lower to upper

terraces and the climate varies

from cool to hot and barren.

Even before 1987, it took a

flame tree 30 years to reach a

significant height.

Almost every year since the

1880s, diarists have been refer-

ring to sea gales and the losses

of a few significant trees; 1990

differed in degree, not kind,

but the loss of the windbreaks

has been doubly awful. The

lower layers are now exposed



Tresco before the wild Atlantic winds smashed it

to new winds and drought and the views are no compensation.

"If I can see a view," Nelhams told me, "it means that the wind can see me."

Tresco's core is a pair of

long, straight walks, less than

10 ft wide, which cross at right

angles and run its entire

length and width. They remind

me at once of the similar back-

bone to great Italian Renais-

sance gardens; the Villa Medi-

oci, for instance, in Rome.

Tresco's first owner must have

seen, a model for his plan

which is wonderfully formal at

its centre.

Even before the storms, there

were old friends among the

the exotics. Huge trees of

camellias rub shoulders with

rare banksia; honeysuckle is

mixed among rarities from

New Zealand; the abutilons are

a fabulous sight with their

white and mauve flowers; the

subtly winding path on the

upper terrace runs between a

steep rocky set with familiar

pelargoniums and non-rock

plants. The soft plantings and

the tender echiums are looking

great spikes of flower like

erect foxes' brushes in shades

of violet and blue; if you can

find it, echium Webbii is the

most brilliant blue wonder, but

only for a frost-free garden.

At Tresco, Nelhams told me,

"the usual rules of colour plan-

ning do not apply." And, as the

sun set on the lovely bonarias

on the upper terrace, I eavesdropped on two tourists, star-

ted by the echoes of their own

Australia. "If only the whole

island looked like this garden,"

they told each other, wistfully,

"we could imagine we were

back at home." To my eye, it is

a mercy that it never will.

Forty years from now, with

luck, my old age and your chil-

ren will together appreciate

Paradise Regained. Tresco

owes a huge debt to the Nel-

hams' optimism, the backing of

the work of the few gardeners. One

of the most important recov-

eries in British gardening his-

tory looks as if it will succeed.

But we must pray for more

winters like 1992 and rapid suc-

cess for the new Heritage wind-

breaks.

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FOOD AND DRINK

Ken Hom tries the authentic street food of Bangkok while Nicholas Lander samples Thai food in some of Europe's capital cities

IN THAILAND the standing joke is that in Bangkok people eat only one meal a day: it starts at 8 am and ends at 8 pm. That food is so beguiling to the palate. The cuisine is an amalgamation mainly of southern Chinese and Indian influences, with a dash of inspiration from Indonesia, Portugal and France.

The resulting hot and spicy, subtle and distinctive blend is pure Thai. Under the expert tutelage of Charlie Arnayakul, a leading Thai food authority, I have experienced the broad spectrum of marvellous foods available in the street and market stalls.

Nowhere in the world are street foods a more important part of peoples' lives than in Bangkok. The crowded streets, narrow alleys and shops bustle with pedestrians, pushcart vendors and hawkers of all sorts of goods but roughly every fifth stall sells some ready-to-eat treat.

Among the most popular are Bow Mun Gai (Steamed Capon and Rice), Pad See Ew (Stir-fried noodles in soy sauce with meat and vegetables), Pad Thai (Stir-fried rice noodles with tofu and chillies). Sauces play an important role too.

Yum yum, chop chop, busy busy

The main ingredients that are most often used include garlic, Chinese chives, fish sauce, spring onion, ginger, soy sauce and pickled preserved beans. Clearly, the mixing of these ingredients - and others such as lemongrass - results in tangy, stimulating, and even spicy sauces and flavourings which elevate the prosaic nature of the staple food items.

Street foods are also a necessary adjunct of life in the city. But what a virtue the Thais have made of their necessity, and at prices that range from 10 to 40 Baht (about 20-60 pence, depending on the size of the portions).

A strong Chinese influence is apparent in the popular Chiu Chow-style noodle (call Guan Tiew in Thai), and in combinations of egg and fish, seafood or meats cooked with Chiu Chow seasonings.

Chinese cooks were among the early pioneers of street cooking and, but for the distinctive Thai seasonings, many of the street stall

noodle soup offerings could be right out of the street stalls of Canton or Hong Kong: roast pork, fish balls, fish sausage, deep-fried dumplings, minced pork, bean sprouts, and chives are some of the ingredients added to the noodles. They are, indeed, a very satisfying quick bite.

Authentic Thai specialties include Khai Ping (grilled eggs with plain or sticky rice) and Pneu Gai, chicken wings or feet marinated in fish sauce, garlic, fresh coriander root, peppercorn. Another very popular offering is laab, a salad that includes beef, chicken or pork. The recipe originated in north-eastern Thailand and uses spices favoured in that region.

The meats are grilled and mixed with paste composed of dried chillies, shallots, garlic, shrimp paste, grilled galangal (an aromatic root akin to ginger). Other pastes are made from tamarind, water, fish sauce and roasted rice powder. The aromas of all of these pastes and sauces fill the air in the streets of



Ken Hom cooks up a Thai street treat

Bangkok.

Many of the street stall

proprietors are gifted cooks of

Chinese descent - many of

them have learned their trade

from their parents.

Family recipes and are always on

the alert for a new way of doing

things.

Wealthier patrons often hire them to cater for private parties. However, as traditional as they are, the street stalls are not immune to the pressures of Thailand's entry into the global economy. As Dr Narumol Iotjev, a native of Bangkok, informed me, things have changed rather quickly in the last 20 years.

The original heart of the street food scene in Bangkok is an area called Pratunam (or "watergate"). It is still there but, she notes, it has lost much of its former glory.

The earliest street vendors, a

century ago, were from China.

Today some vendors - many of

Chinese descent - have prospered

and developed thriving businesses.

Since large numbers were from

southern China, they were

accustomed to the long, late hours

of snacking. Some of their children,

however, were reluctant to stay in

the trade. The most successful have

moved indoors to new shopping

centres where the recipes may be the same but the atmosphere seems less authentic.

Meanwhile, there is still much to enjoy among street food stalls, for example Khaos Tom, a rice porridge, which the Cantonese call "jook" or "congee." Other popular dishes are Kui Tia Rad Na Yod Phak wide rice

noodles stir-fried and served with lots of sauce, Chin Chow style and Yum, which encompasses all kinds of salad, cold and warm, including a real winner, the surprisingly good Yum Hoo Mow or pig's ears salad with lime, sugar, fish sauce, chilli or lemongrass, onion, chives and mint leaves.

I have also sampled Yum seafood, in which you tell the vendor what you would like in the salad and it is custom-made for you while you wait. Satays are a great favourite with bits of pork, beef or chicken barbecued on bamboo skewers.

They illustrate the Indonesian

and Indian influence on Thai

cooking. A "must" is Kai Yang, in

which a whole small chicken is marinated in mounds of white peppercorns, coriander roots, garlic, fish sauce, soy sauce, sugar and oil; then flattened and grilled.

Sugar is included in many Thai recipes, adding a sweet balance to the generally spicy cuisine. If the food kindles your thirst there are food stalls that specialise in orange and exotic fruit juices.

If you are not familiar with Thai

cuisine and do not have a Thai-speaking friend, you could sample street and market food in a different type of atmosphere. For example, I recommend Lord Jim's restaurant at The Oriental Hotel. There you may enjoy a luncheon buffet with a trolley devoted to street food specialties. The Verandah (also at the Oriental) offers such choices as Lad Nah Sen Gai, Ghoong, Moo Rue Varn (traditional Thai beef salad), and a great favourite of mine Key Tiew Look Chin Neau - a rich beef broth with rice noodles and meat balls.

But, wherever you try, I am

certain you will enjoy the delicious experience of Thai street food as much as I have.

K.H.

A Blue Elephant in Paris

THE PROPOSED site, atop a renowned hotel, offering clear views across the Seine to the Eiffel tower, would have delighted any restaurateur. But Karl Steppé, Belgian chairman of the Blue Elephant group of Thai restaurants, politely turned it down.

Instead, he opened his company's fourth restaurant on a site with no views at all in the Rue de la Roquette in the less-impressive Bastille area of Paris (Tel: 47 00 42 84). Explaining his decision, he said: "How could any French diner believe they were in Thailand when they looked out on such a unique symbol of France?"

Over the past decade, Steppé has discovered that there is another potential answer to that most elusive question: 'What makes a successful restaurant?' He believes that he has succeeded, not just by offering authentic Thai food - and the growing interest in Indo-Chinese cuisine has obviously been a great advantage - but by offering his European customers a night out in Thailand.

Not that Steppé had this in mind when he first visited Thailand, in the late 1970s, when he was an antique dealer on a buying trip. But the ability to quench Europeans' growing Western interest in the Far East, both aesthetically and gastronomically, soon found an outlet when the first Blue Elephant opened in Brussels in 1982. Steppé's Bangkok office now ships two tonnes of Thai produce a week to Europe.

Arithmetically also played a crucial

part. If the interiors of the Blue Elephant were to resemble Thai villages, complete with rush matting, verdant plants representing the undergrowth, waterfalls and bridges over ponds filled with tropical fish, then Steppé would not have to join fellow restaurateurs in the race for the more fashionable, but increasingly expensive, restaurant locations. Hence, his decision in 1984 to open at the unfashionable end of Fulham Broadway in south

It was certainly an experience for colleagues in the French press on the restaurant writers from *Le Monde*, *L'Express* and *Le Figaro* among others and the Thai ambassador to France - when the Blue Elephant won the Marco Polo-Casanova award for the best ambassador of foreign cuisine in Paris.

Sensibly, the Thai chefs did not

deviate from the flavours that

make their cuisine unique. They

used to great advantage lemon

grass, chillies, sweet coconut milk, coriander, ginger and peanuts. Banana leaves were served hot, stuffed with steamed fish and dill, and cold, served with diced chicken sweetened with coconut - the latter gives a distinct bite by the spring onions underneath. Other dishes reflected the country's proximity to India and China.

Beef stewed with Memnam spices showed that the Thai use of spices can be less aggressive than in much Indian cooking but a green chicken curry, using an imported curry paste barely lightened by coconut cream, anaesthetised my lips.

Stir fried bean curd and sweet barbecue pork would appeal to any aficionado of Chinese food but the two dishes that most appealed me were distinctly Thai - tapioca balls filled with prawns and peanut followed by satay of piquant meat

balls.

The Blue Elephant chain is run on strict guidelines. It believes in quality food and wants to ensure that its restaurants are a commercial success. This last factor leads to two caveats. Firstly, the pricing of its individual dishes is steep. In London first courses range from £5-£7, main courses £8-£10 without rice, cover charge, 15 per cent service - or the Thai beer that you will probably want to order with your food.

The style of this food can easily induce you to over-order and it would be prudent to experiment with one of their set meals or, most economically, to take advantage of their keenly priced Sunday buffet (£14.50 per head).

You would be wise to pay by cash or cheque in London. The Blue Elephant charges 15 per cent service but, unashamedly, fails to close off the credit card slips. This is another reason why the government's recent decision not to legislate on restaurant service charges is against the public interest - but that is another story. However, why a restaurant group that has otherwise sought to win over custom in so many original ways should behave in this fashion is beyond me.

■ Blue Elephant restaurants are also at 1120 Chausée de Waterloo, 1180 Brussels (tel: 374 49 62); and SAS Scandinavia Hotel, 70 Ar捏er Boulevard, 2300 Copenhagen (33 11 15 00).



N.L. A taste of Thailand in London: the Blue Elephant

It is bargain time in the wine market

BRITAIN'S first National Wine Week, which begins on Monday, was conceived in October 1991 when you could still say "Calais" to a British wine merchant without putting up his blood pressure. Now, this seven-day feast of in-store tastings, discounts and the like must seem a better idea than ever - especially for retailers trying to compete with trippers who, since January 1, have been able to return from France with almost unlimited quantities of negligibly-taxed wine.

It is too early to quantify the effect on the British wine trade of the recent increases in personal duty-free allowances, but there is no doubt the system is being abused widely; witness the squad of 150 excise verification officers just set up by HM Customs and Excise. Its job is to catch people such as the man who tried to sell crates of duty-free beer in the car park of the Wine Society at Stevenage.

Last year was the British wine trade's best in terms of the volume released from bond into commercial channels: 682m litres (or 909m bottles), a healthy 2.7 per cent more than in 1991 when it had looked as

though the UK market, which had grown consistently since a small hiccup in 1977, finally

was running out of steam.

British buyers, however, have been trading down quite noticeably. The average spend per bottle is barely £3, the two most popular wines being Liebfraumilch and white Lambrusco on which no retailer can depend for profit.

But if times are tough for the typical UK merchant (who is, nowadays, probably a woman working in the buying department of a supermarket), they are considerably more difficult for producers. Increasing competition and global consumption falls has put severe pressure on prices while demanding ever more expensive investment. In the short term, this is great news for consumers, but it will undoubtedly have some serious effects on supply in the medium term.

Profit while ye may, therefore, from the bargains which are more evident than ever in Britain this week (even if some are available from specialists barely aware of National Wine Week's existence). Here are some of the best buys; but most chains and supermarkets are doing something, and discounts on all sorts of sparkling wine abound.

■ Conversion: Thresher has

had the clever idea of trying to turn beer drinkers on to wine.

Buy any four of the brews made by its parent, Whitbread, to get 75p off a bottle of wine.

■ Degustation: Tesco promises

"the world's biggest tasting" at



In the £16-18 range.

■ Reduction: Safeway has made it a Wine Month, during which the exceptional Portuguese red Lexaria is back to £1.99 and the chain's vibrant new Young Vatted Merlot 1992 from Bulgaria is just £2.29 until May 29.

■ Sophistication: Far Vintners, of London SW1 (071-223 1960, fax 3500), has the contents of three quite exceptional cellars to sell. Serious collectors are unlikely to have another chance to pick from 15 cases of well-stored 1923 claret; full cases of 1945 first growths; DRC wines aplenty; Yquem from 30 vintages; and much, much more.

Reid Wines, of Halliford (071-452 645, fax 453 642), is selling a more modest but useful cellarful of mature burgundy and Barolo, and some interesting claret, at fair prices.

Best value in another sense, though, is Fluteau champagne on the wine list of the Beau-champ Place Restaurant, London SW3, for just £19.75. And Haynes & Clark, of London W8 and SW6, have a couple of equally delicious growers' champagnes retailing

in the £16-18 range.

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Allow extra time for turning

the meat and for sprinkling the

bald patches with extra

crumbs. Some of them will fall

during cooking but will

crisp nicely on the bottom of

the dish just enough to melt the

beef stock.

Allow extra time for turning

the meat and for sprinkling the

bald patches with extra

TRAVEL



ONE does not know whether to rant. Perhaps raving would be more appropriate. Most of us just sit resignedly in the bar, while away the hours with an over-priced beer. But what rights do we really have when a flight is delayed, cancelled or rerouted?

Our chance of sympathetic treatment, according to the Air Transport Users Committee, depends mainly on the airline, the type of ticket held and the nature of the delay. As a rule of thumb, it says, airlines tend to reflect the standards of customer service in the country of origin.

According to the AUC, passen-

gers are in the best position in cases of "denied boarding". Nearly all airlines sell more tickets for a flight than they have seats, because a certain percentage of passengers consistently fails to show up. But detailed calculations sometimes go awry, leaving anxious passengers jostling for limited seats.

Those denied boarding for flights originating in the EC have European legislation on their side. Carriers are obliged to offer the choice between a full refund or an alternative flight. In addition, you are entitled to cash compensation of ECU150 (£120) for journeys up to 3,500km, and of ECU300 for longer flights. Compensation may be

reduced if you reach your destination with minimal delay, defined as two hours for short-haul flights and four for long-haul.

Passengers (like criminal suspects) are also entitled to make a phone call (or send a fax), to meals and a hotel room where necessary. Airlines may offer their own vouchers in lieu of cash, but you are not obliged to accept them. If the flight does not originate in Europe (this includes return legs) then EC legislation will not apply. Most airlines will bump off transatlantic flights anything from \$400 (£250.70) to \$1,000 worth of vouchers.

In the case of long delays or outright cancellation, says the AUC, "rough justice", not EC legislation, prevails. The passenger, in effect, has "no rights at all".

The thinking is that it would be unwise to compel airlines to pay compensation for delays caused by technical faults, since to do so would create commercial pressures

to fly unsafe aircraft. In the case of bad weather or air-traffic-control difficulties, it is deemed unfair to punish the airline for circumstances beyond its control.

Thankfully, most airlines have a reputation to protect. If flights are delayed, they will usually provide refreshments and, when necessary, accommodation.

In the case of outright cancellations, you should seek to have your ticket endorsed by other carriers. Some airlines are very good at this, but there is a pecking order. First-class, business and full-fare economy passengers are looked after first, with bucket-shop ticket-holders relegated to the bottom of the

pile. Missed connections involving more than one airline are the greatest area, the danger being that the stranded passenger falls between two stools. Your best bet is to Harry the first carrier. If you have incurred extra expenses because of missing your onward flight, send them the bill.

It is difficult to insure against relatively short delays. Many policies only pay out for a wait of longer than 12 hours. If you want to be covered for less drastic circumstances, consult the fine print.

■ Complaints are best pursued directly with the airline concerned. If matters are not resolved satisfactorily send relevant documentation and an explanatory letter to Clare Tulliby, Consumer Affairs Adviser, Air Transport Users Committee, 2nd Floor, Kingsway House, 103 Kingsway, London WC2B 6QX. The AUC is not a statutory body but will help take up your case.

David Pilling

Practical Traveller: Cancelled flights

How to play the waiting game

A horse and cart journey through old Transylvania

Nick Haslam eats goats' cheese and listens to fireside tales in the Carpathian mountains

FIFTY YEARS ago, Romania was known as the little Switzerland of the Balkans. Standing high in the Carpathians on the fringes of Transylvania, looking down to Lake Sizac, it was easy to see why. Towering 2,000-metre peaks folded into a dense distant horizon; below, the lake snaked indigo through dark green pines.

We were a small group of five, travelling through the high wooded valleys of Transylvania by horse and cart or mule and staying overnight in peasant houses. Our Romanian guides, Mirca and Marius, had long dreamt of having their own business, and we were the first group to pioneer a farm labourer.

Their hospitality was extraordinary. We feasted on chicken and polenta, or pork washed down with *tszta*, a strong spirit distilled from plums or apricots.

Towards the end of the trip we camped one night high in the mountains. Mirca, a veteran boy scout, wanted us to experience the true softness of the Carpathians. A cold wind blew down from the tops, and we lit a blazing fire of pine branches. Attracted by the flames, a herdsman came to join us, bringing some fresh goat cheese and a bottle of *tszta*. He told us that he lived in the mountains throughout the summer, tending his cattle on the high pasture. He had, he said, lost a cow the night before and Marius looked uneasy as he translated that it had been eaten by a bear.

The herdsman told us that this area had been one of Ceausescu's favourite hunting spots. Hunters would locate the largest bear and feed it regularly at the same spot within metres of a specially-built hunting hide. The Great Leader, a notoriously bad shot, would arrive 30 minutes before feeding time by helicopter, blast the bear at close range from the security of the hide, pose for a photograph and then disappear back to Bucharest.

Our route during the 10 days lay along the "Border of a Thousand Years", the former frontier of the Austro-Hungarian Empire. On the fourth day we climbed one of the high peaks, Mount Ocolul Mare, and were admiring the view from the summit when a sudden summer storm engulfed the hillside.

We scrambled for cover in a barn standing above steep pasture. Pebble-sized hailstones clattered on to the roof and we found that we were not alone. Propped on their scythes, a group of hay-cutters regarded us with some curiosity. With Mirca as translator, I told them how beautiful I thought the country was.

This brought a slight ripple of mirth, and one of them said something in Hungarian. "Yes, it is beautiful," translated Mirca, "but she says that town life is much more beautiful, for you don't have to work so hard and that Hungary is far away."

Nearly 2m Hungarians, Europe's largest ethnic minority, still live in Transylvania, ceded to Romania in 1921.

The villages of high Transylvania are living museums that disappeared over 50 years ago in western Europe. Black timber houses surrounded by barns and lush paddocks run along the simple unmade roads, punctuated by groups of ducks and a sleeping pig. At night, the silence is absolute, save for the occasional jingle and clatter of a passing horse and cart. Few cars or lorries come this

far; electricity is a long luxury.

Each night we stayed in a different village along our route, eating copious meals by oil light, and talking with our hosts, some of whom had never met westerners before. They told us that life was getting better now that the old regime had gone, but that coping with privatisation was a problem.

Previously, large co-operatives had supplied tractors to work the land, but now farmers were forced to plough with horses; the cost of a day's tractor hire (about £20) was equivalent to one month's salary for a farm labourer.

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However, on one occasion, the bear failed to arrive on time. A trembling Securitate man, fearing for his life, had located a travelling circus nearby and borrowed its performing bear, which he released within smelling distance of the bait. Miraculously surviving the fusillade from the hide, the bear took cover. The herdsman paused and then said with a twinkle: "Do you know what happened next? It leapt on to the Securitate man's bike and pedalled for its life." We all laughed, but I noticed that night that the food was carefully placed a long distance from the tents.

On our last day we boarded the train at the old Saxon town of Brasov, and travelled down to Bucharest, leaving the mountains for the simmering heat of the plains. The train stopped at a village, and there was a knock soon after at the compartment door. An astonishingly beautiful gipsy girl held out a basket brimming with small paper cones of freshly-picked raspberries.

As I bought some her chestnut hair fell forward, carrying a strong aura of woodsmoke. It was only with the greatest of difficulty that I stopped myself from sweeping



Another way of life: the villages of high Transylvania are living museums to a peasant existence that disappeared over 50 years ago in western Europe

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WEEKEND FT SPECIAL REPORT - CLOCKS, WATCHES AND JEWELLERY

Quality Watches

Why quartz came in the nick of time

TEN YEARS ago, few would have believed that the onslaught of the quartz watch would be the salvation of the mechanical movement.

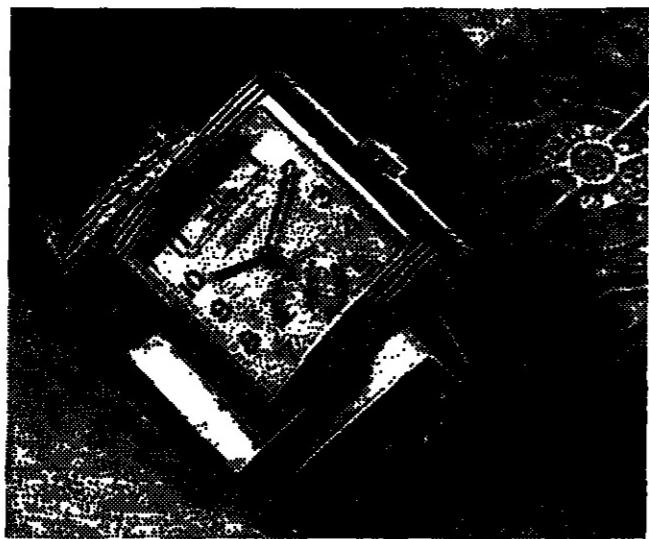
By that I mean the mechanical watch at the highest level: technically brilliant and loaded with complicated indications on the dial. Those who appreciate - and can afford - the finest watches are alienated by the mass-produced nature of quartz and prefer the hand-finished product of the traditional mechanical movement. Push that to the limits of the watchmaker's technical ability, with as many as 700 parts in a watch, and you have a refined market of low-number production pieces of irresistible appeal to the collector.

Such complicated pieces take a long time to make. Time Products, distributors of Audemars Piguet, are still awaiting delivery of some orders they took at the Basel Fair in April 1992. However, the UK is comparatively well served: of the five examples of Audemars' £24,800 Triple Complication watch made last year, two were consigned to London - not bad in a world market deemed dominated by the Japanese, Italians and Americans.

The annual Basel watch and jewellery fair in April is the industry's showcase, at which Audemars this year seems to have received the most acclaim from retailers for what is described as a stunning new collection of diamond and coloured stone-set ladies' watches.

Blancpain has just launched an adaptable ladies' watch with interchangeable stone-set or plain bezels and coloured straps to match. René Bovin, the Paris-based firm, too, has turned its attention to ladies' watches. The Chrysallis case has sliding sections which either reveal or conceal stone settings, providing a dual purpose watch for evening or day wear.

Another watch house of Parisian origin but using the best of modern Swiss watch tech-



The limited edition Jaeger-LeCoultre rectangular tourbillon Reverso

nology is Breguet, originally founded by a watchmaker of genius over 200 years ago.

Garrard's 150th anniversary as Crown Jewellers is being marked by a limited edition of 150 Patek Philippe watches in pink gold with crystal back revealing the self-winding movement, to sell at £7,950. While Patek intends this to be the last watch to be made by them for a particular retailer, it has been looking at its own range and has identified a gap between its £7,000 automatic calendar watch and the top of the range perpetual calendar wristwatch at around £28,000. The company is now planning an intermediate model.

It is typical of the Swiss watch industry that while some companies, such as Blancpain, have been bought by large concerns (in this instance SMH, the makers of Omega) no company has actually gone under. The clue to this survival rate is based on buoyant sales for top-quality watches. So popular, for example, are Rolex's macho productions, in particular the Submariner and Daytona models, that demand constantly exceeds supply.

Richard Garnier

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SPORTS WATCHES are today's fashion accessories and those who use them can be divided neatly into two categories: those who wear them for their cachet and those who are serious about their sport and want the watch most appropriate to it.

Fashion-conscious wearers put a high priority on style. The watch must bear the brand name that will impress the right people and, almost incidentally, be ready for action should it encounter anything deeper than a champagne bucket. The sports enthusiast will put reliability and ruggedness at the top of the list.

A few watches pass muster on both counts.

In the last few years, one established company has forged ahead of the competition in this market and is considered by many to be the sports watch - TAG-Heuer. It is certainly a fashionable brand but, above all, it is a serious sports watch.

As timekeepers to Formula 1 motor racing - and a sister company to the McLaren racing team - TAG-Heuer is actively involved in sport and has grown to become the sixth largest Swiss watch maker, in terms of sales value. Its £6,000 range, which reached the shops towards the end of last year, is already in great demand, achieving cult status in certain markets - and especially the UK.

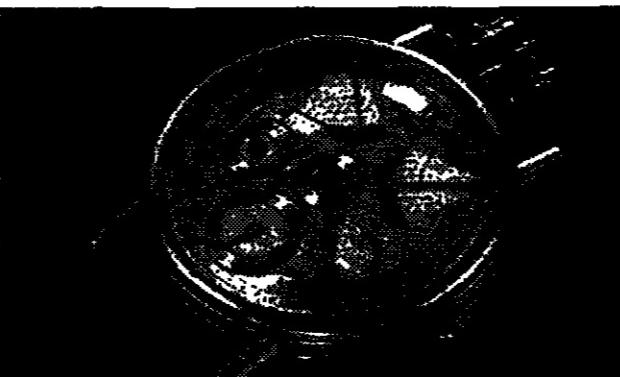
Also in the serious but fashionable league is Breitling - a Swiss company established in 1884. It makes watches that appeal to air and sea professionals, as well as providing frequent travellers with a time-keeping device that offers three time zones at a glance on an intermediate model.

It is typical of the Swiss watch industry that while some companies, such as Blancpain, have been bought by large concerns (in this instance SMH, the makers of Omega) no company has actually gone under. The clue to this survival rate is based on buoyant sales for top-quality watches. So popular, for example, are Rolex's macho productions, in particular the Submariner and Daytona models, that demand constantly exceeds supply.

Richard Garnier

Sports Watches

Rugged and so fashionable



Breguet: a classy image for the sporting man

ment and has been tested by the French Navy's Hydrographic and Marine Department.

This is a serious watch for seafarers and will be available in a steel and 18ct gold case with a leather strap or steel and gold bracelet. It is water resistant to a depth of 100m and costs £2815.

Omega is one of many companies producing divers' watches, but its latest model is rather special. The Seamaster Professional Chrono Diver, should be in the shops later this year and has a chronometer, is water resistant to 120 metres, and made in men's and women's sizes.

Two of the major Japanese manufacturers, Seiko and Citizen, cater for divers with watches designed to make diving safer.

Another respected manufac-

turer, widely used by sportsmen, is Zenith. Its Rainbow collection with a remarkable self-winding mechanical chronograph movement is another that must be considered seriously. These cost from £795 in steel to £895 in gold.

Sector, a company which sponsors sportsmen and women in some of the most hair-raising sports such as base jumping and free diving. Prices from £115 to £600.

Another brand in this category is Ellesse, a designer brand in the tennis world. Ellesse make sports watches for men and women. Prices are from £55 for fun designs up to £235 for bracelet models with water-resistance.

Gucci also makes a sports watch, the 9700, that is water resistant to 100 metres.

Higher up the price spectrum, is the Jaeger-LeCoultre Reverso, designed more than 60 years ago for polo players.

The ultimate in combining sports and elegance may be the Piaget jeweller Polo, available in two versions each for men and set with up to 345 diamonds, costing £38,400 and £30,750.

The author is the Editor of International WristWatch.

John Goodall

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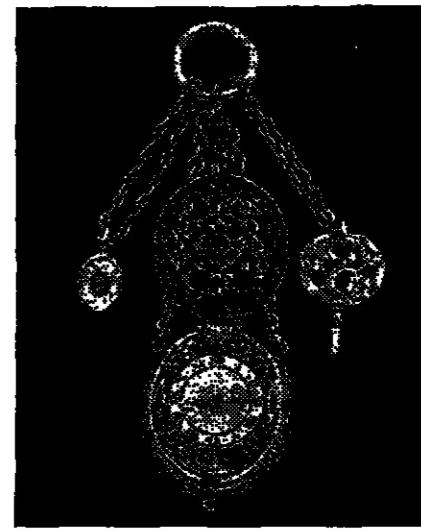


Illustration enlarged

An exceptionally rare miniature gold and enamel verge clockwatch. Reputedly a gift from Queen Elizabeth of Bohemia, the Winter Queen to Frederick Harcourt. This unusual clockwatch will be sold with other important watches as part of the Harcourt Family Collection in London on the 10th June, 1993.

Further Clocks, Watches & Barometers will be sold by Sotheby's in London on the 3rd June 1993.

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WEEKEND FT SPECIAL REPORT - CLOCKS, WATCHES AND JEWELLERY

Costume Jewellery

Fashion talismans for the new age

Vivienne Becker on the changing face of 'fakes'

NOW THAT costume jewellery is here to stay as a respectable, if not essential, accessory, it is taking on more gravitas as an art form and finding a new look for the "natural nineties". Art and fashion in jewellery are converging. At the same time, the demarcation between costume jewellery and real jewellery is fading.

The 1980s status symbol gilt and glitter couture jewellery is being replaced by dreamier, talismanic trinkets with more value - whether intrinsic, artistic or ritualistic - as women search for more "meaningful" jewellery. Designers and jewellers are mixing materials and crossing barriers between real and fake with new abandon.

A whole middle range of decorative, semi-precious jewellery is springing up from individual designers such as Solange Azagury-Partridge, who works with massive crys-



Pair of wooden 'Matisse' cross cuffs from Verdura, 13 Duke Street, St James's, London SW1

tals and upside-down stones set in gold-plated silver, and Diny Hall, the golden girl of 1980s fashion jewellery who now works to commission and sells gold-plated silver ranges rather than way out costume jewellery in her shop in Westbourne Grove, London.

Part of this new seriousness comes from a recent re-evalu-

ation of 20th century costume jewellery which has turned into a promising collecting area. Christie's South Kensington auction house now holds regular sales of designer costume jewellery and several London shops, including Cobra & Bellamy, Van Peterson and Steinberg & Tolkin, specialise in period jewels from the 1920s to the 1980s, particularly the sought-after American makers such as Miriam Haskell, Trifari, Marcel Boucher and vintage Kenneth Jay Lane from the 1960s and 1970s.

This field works like the antique jewellery market: the most desirable pieces, reaching prices in the hundreds, even thousands of pounds, are those that have been finely made by big names and beautifully conceived to capture the mood and fashion of their age, whether it's the Cartier look by Alfred Philippe, chief designer at Trifari, the glorious sophistication of the 1950s creations by Boucher, or the American Schiaparelli fantasy jewellery made of smouldering, luminous crystal rocks.

Above all, costume jewellery is no longer junk jewellery. Carol Lister of Liberty in London says that although costume jewellery went through a decidedly dull patch, it is now waking up to the new age. Kate Renwick, buying controller for fashion accessories at Harvey Nichols, finds that women are buying more jewellery than ever but now prefer a more refined look to reflect their new mood of dressing in the 90s. "Jewellery is such a personal, whimsical purchase that brand or designer labels always come second," she says. In tune with the 1970s fash-

DEALERS ALL over the world are still the strongest buyers of jewels and gems at auction, but one of the most distinctive characteristics of the antique jewellery market is the increasing number of private buyers in the salerooms. Period jewellery is becoming one of the most stable and steadily growing areas of the decorative arts in the last ten years. As the art market crumbled, jewels continued to glow in the economic gloom, thanks in part to these "privates" who head regularly for the auction in search of value for money, and the opportunity to buy at "trade" prices.

The auction houses have encouraged this trend by organising big sales and producing more informative and temptingly glossy catalogues, with commanding essays, footnotes and provenances.

But, some might say, where does good background information end and saleroom hype begin?

Since quality, authenticity and strong style count more than ever - whether rich Renaissance, designer Deco or even soulful Sixties - it is more important for customers to understand what they are buying, to distinguish the very best from the ordinary, to take expert advice and not to be blinded by hype.

In the long run, the best "bargains"

are usually those fine and rare items

that cost a substantial amount of money. However, "cult" or "personal" sales of pieces once owned by, say, the Duchess of Windsor, Elton John or Diana Dors can add an inflated premium to goods which may not be able to sustain their high prices second time around on the market.

Limited supplies of the right goods have also kept prices buoyant, and at the same time connoisseurs have become more knowledgeable and discriminating. Contrary to general belief, newly impoverished owners are not

Private buyers can still find bargains - if they look beyond the hype, says Vivienne Becker

selling their treasures; they sell run-of-the-mill goods to pay the bills. When the best examples make it on to the counter or into the shop window, they are snapped up by the trade.

Salerooms attract a lot of the fine jewels on the market. They also provide excitement, entertainment and the ideal place to see, handle and learn about jewellery. However, dealers will still pay good prices, in or out of the salerooms, for desirable merchandise. That elusive bargain is now more than likely to be lurking on London's Bond Street.

In spite of recent adverse publicity, period diamond jewels are the best sell-

ers, but the price has to be right and the quality and style good. Eighteenth-century diamond jewellery is still somewhat undervalued, although in March at Sotheby's sale of "Jewels for the Collector" a simple but stunning pair of 18th century drop earrings, thought in the trade to be worth around £15,000, fetched £32,000 as two private buyers battled it out. So much for trade prices.

Here wearability and fashion content come into play. Decorative, stylised earrings of all ages are much sought-after; chokers are back in style again, bows

of their small size, relatively reasonable prices. Tiaras, however beautiful, have to be versatile and earn their keep as necklaces too, to realise strong prices. Even among High Victorian gold and gemset jewellery interesting earrings are hard to find and easy to sell. They are also subject to reproduction.

Signatures still count for a great deal, from the 19th century revivals, such as Giuliano and Castellani, especially rare today, through the ever-popular Cartier and Tiffany to 1950s stars such as Sterle, Verdura, Schlumberger. Bulgari is synonymous with quality and chic and even pieces from the 1960s and 1970s have cachet. But since Christie's Geneva specialist Cartier sale last May (to be repeated this May) there are signs that buyers are carefully distinguishing between good and average examples of any one maker and no longer simply buying a name.

Overall, it is a realistic and selective market, with anything rare, fine and historically important and stylish selling at strong prices whether at the £500 or £50,000 level. Less spectacular jewels, if pretty and fashionable, sell at just the right price. This sorting out could be one of the benefits of the recession, for as David Callaghan, of Hancocks London, says: "When the recession ends, what we are worried about is average things fetching inflated prices."



From left to right, Victorian double heart brooch, gold, half pearl and enamel sardonyx cameo (sold for £2,500 in Sotheby's March sale), Victorian snake brooch. The brooches are from Brian and Lynn Holmes, Grays Antique Market, 58 Davies Street, London W1

Antique Jewellery

Gems glow amid the gloom

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BOOKS

Brilliant, but flawed

Malcolm Rutherford on the life of George Brown

THERE WILL never be another George Brown; the system won't allow it. Today, a boy from working class London would no longer leave school at 15, work his way up through the trade movement, become deputy prime minister and foreign secretary with a lasting record of achievement. He might go to university (something that would have turned George Brown into a different man); he would be less likely to go into union politics and he might not even consider joining the Labour Party. One of the problems of the current party is that many of its old aims - like greater equality of opportunity - have been partially accomplished.

George Brown was special in another way, too. He was not the only working class boy to make it almost to the top. Ernest Bevin had done it before him. But Brown was a man who, despite his successes, continued to harbour resentments. As Peter Paterson puts it in this new biography: "He carried enormous chips on both shoulders," mostly against intellectuals and the class system as he saw it.

At the same time, he was a "character". He got continually into scrapes. Everyone knew who he was; no-one would have thought he was anything but British - the very initials are almost a symbol. One of his very first acts as a young minister was to have the Tower of London opened to the public on Sundays. Politics became duller when he resigned for the last time.

He also had great imagination. He was pro-European from a very early age; much more so than any of his contemporaries in the Labour Party - or among the Tories, for that matter. In that sense

he was a forerunner of Edward Heath. He had an intuitive understanding of the Middle East which was rare among British politicians. He did not share his party's prevalent belief in Israeli supremacy: hence his negotiation of United Nations Resolution 242 when he became foreign secretary - it has remained the basis for Middle East peace talks. Even his National Plan, when he ran the department of economic affairs, still arouses nostalgia. If only the Wilson government had devolved soon after it came to power in 1964, perhaps

TIRED AND EMOTIONAL: THE LIFE OF LORD GEORGE BROWN
by Peter Paterson
Chatto & Windus £20, 308 pages

It would have been more viable.

Paterson's book reads less sympathetically than is perhaps intended. "Tired and emotional" became the words associated with George Brown, and indeed with a particular form of behaviour in anyone, ever after. The author does not spare the warts. Whereas a foreign office man would tell you that "the trouble with old George is that he only needs one glass of sherry for it to go to his head", Paterson makes it clear that there was a heavy drinking problem throughout. He also shows that Brown could be intolerable to his wife, Sophie, whom he finally left for his secretary.

There were excuses, to be sure. Brown needed money, especially when on the back benches. For a time he received payments from the Mirror Group, until it came out as a scandal. The sums were small and recent events in



Renaissance man remembers

Anthony Curtis on the curious double life of Ernst Gombrich

THOSE who are familiar with the writings of Sir Ernst Gombrich, Professor Emeritus in the University of London, will know that he favours two distinct kinds of title for the collections of essays and lectures he has published since he came to England in January 1936. Here are some examples of what may be called Gombrich's binary title-form: *Ideals and Idols, Norm and Form, Means and Ends, Art and Illusion, The Image and the Eye*. And here are some of the other form, the purely descriptive: *The Story of Art, The Sense of Order, Meditations on a Hobby Horse, Topics of Our Time* - to which must be added the present book, *A Lifelong Interest*. The title this time refers to his lifelong interest in art history.

It is the more descriptive titles that are usually given by Gombrich to the collections of his papers that do not have a unifying theme but range over a miscellaneous field of learned inquiry. If the Italian Renaissance is a continuing interest of his, it co-exists with a host of others, from the art of ancient Egypt to contemporary abstract painting, from the nature of perception to the decline of general knowledge, from Goethe to Matisse.

The present volume - a series of tape-recorded interviews with a French journalist - is the most heterogeneous of them all. Didier Eribon, who has done a similar book of conversations with Lévi-Strauss, has elicited much interesting diverse material from his interviewee. The exchanges start with some biographical information, where Gombrich looks back upon his youth, and then deal at length with many of the recurring preoccupations of his writings. Questions that frequently crop up in his books such as how "innocent" - innocent of pre-conditioning - is the eye that the spectator brings to a painting, are addressed again here, and second thoughts are sometimes voiced by this least bigoted of scholars.

He was born in 1909 in Vienna. Though his parents were of Jewish origin he had the same classically-oriented general education as his gentile contemporaries. Gombrich tries to deflate the myth of Vienna as "the birthplace of every modern movement", but he is soon forced to admit reluctantly that "the Vienna you read about in books" did have a considerable influence on his formation. His mother knew Schoenberg, Mahler and Freud, but even more important than that was the prevailing ambience, the high regard paid by the Viennese middle-class to *Bildung* - culture in a general sense.

His father - a lawyer - hardly bothered to oppose his youngest son's declared aim of becoming an art historian even though he feared for his chances of earning a livelihood. We are given vignettes of people like Joseph Strzyzowski and Julius von Schlosser, the rival professors of art history in the city, and Ernst Kris, the psychoanalyst and curator of the Hapsburg collection of goldsmith-work in the Vienna Museum. They were among Gombrich's

earliest mentors. It was from Kroll that Gombrich learnt that art history could be combined with other disciplines - hence the inclusion of Science in the subtitle of this book - and with whom he wrote his first book published in this country, *Caricature* (1940).

Gombrich's first ever book was published before the war in Vienna in 1935. It was commissioned there by Walter Neurath (who founded Thames & Hudson in London) to be part of an educational series of books for children he was editing. Gombrich's book was a History of the World: though written in only six weeks it proved to be a great success. The following year Gombrich came to London as a research assistant at the Warburg Institute to put into order the books, manuscripts and papers of Aby Warburg; the Institute Warburg founded had moved from Vienna to London in 1933 as the Nazis began to encroach

**A LIFELONG INTEREST:
CONVERSATIONS ON
ART AND SCIENCE
by E.H. Gombrich and
Didier Eribon**
*Thames & Hudson £14.95, 191
pages*

upon Austrian cultural life. Gombrich inherited not only the founder's scholarly interest in the Renaissance but also his sense of the range of knowledge (especially through the acquisition of books in a variety of disciplines) required to understand a period such as Florence under the Medicis. Then the second world war broke out: Gombrich left the Institute to work in the BBC monitoring service. He was approached for a book by another Viennese publisher now in London, Dr Horovitz, the head of the Phaidon Press. Gombrich searched among his papers and found the few chapters of a volume on Art he had begun to write as a companion volume to the children's history. But it was not until the war was over and he had returned to the Institute (by then a part of London University) that he completed this book - *The Story of Art*.

It was a best-seller on publication and it still sells steadily throughout the world. The current edition, with a new chapter on photography, is the 15th. Its immediate effect on the author was to transform his life from that of an obscure struggling academic in London into that of an internationally known, much sought after authority of the museum and art worlds. He was appointed Slade Professor of Fine Art at Oxford and invitations came from Harvard, Washington and from many other centres of learning all over the world.

"People know me" Gombrich tells his French interviewer "as the author of *The Story of Art* who have never heard of me as a scholar. On the other hand, many of my colleagues have never read the book. They may have read my papers on Poussin or Leonardo, but not that. It is a curious double life". It may be curious yet it remains one which he has fruitfully led for many years and continues to lead to the enrichment of anyone who reads him in either capacity.

The changing shape of Jewish identity

RATIONALISTS and modernisers par excellence, secular Jews have observed with varying degrees of puzzlement and dismay the growing influence of a self-confident Jewish religious Right, unabashed in its strident condemnation of secular humanism, assimilation to the larger society, and such Enlightenment values as pluralism and democracy.

Each of these books is a partial response to the phenome-

non of Jewish religious revival, although Howard Jacobson would doubtless deny that was what moved him, "the least loyal, the least nostalgic of Jews" to embark at this time on a "Jewish journey" that he insists had no purpose other than pursuing non-belonging, the confirmation of homelessness, of feeling alien. Despite himself, he succeeds in this paradoxical enterprise, coming to no significant conclusions about his Jewishness, experiencing no epiphany, yet

revealing along his uneasy trajectory from Stamford Hill to New York's 47th Street, from Jerusalem to Lithuania, his quintessentially Jewish propensity to remember past wrongs, argue with God, and feel superior to and often infuriated by his fellow-Jews.

Jacobson's consistent pugnaciousness leads him into abrasive, sometimes amusing encounters with representatives of the Chassidic community, hotel staff almost everywhere, Americans of several

varieties, but above all with Israel itself, which he describes as "not just a charity but a sort of summer work-camp" and spiritual playground for American Jews. Unable to forego an anecdote, sometimes of doubtful relevance to his main theme, Jacobson can be wryly funny, always loudly disinterested, angry with "the snarling God" of the Jews and with the Orthodox guardians of tradition.

To his surprise, Jacobson is nonetheless touched by the warmth of worship in a gay synagogue in Los Angeles; and admits that amid the overgrown stones of the Jewish cemetery in Seraia, the little Lithuanian town from which his grandfather fled to England, he feels both "upset" and somehow linked to his ancestors. When the knockabout humour stops, Jacobson seems rather sad in his evident inability to fathom what being Jewish now actually means to him: his Jewish identity, remote from the texts and rituals that sustained the tradition over millennia, amounts to gastronomic memories, a few fragments of Yiddish, a general restlessness; the grand Jewish prophetic passion to repair the world has been diluted to the point of non-existence.

David Landau, for his part, describes in occasionally numbing detail the lives and practices of the faithful adherents to the Law, those Orthodox zealots who consider themselves the only real Jews left, numbering perhaps 650,000 among the approximately 13m Jews in the world. This highly visible minority within a minority has, thanks to its fecundity and aggressive militancy, won a pivotal role in Israeli politics, aligning its adherents with the political far Right there and in the Diaspora, and even forging mutually advantageous alliances with fundamentalist Christian groups in several countries.

**ROOTS SCHMOOTS:
JOURNEYS AMONG JEWS**
by Howard Jacobson
Viking £16.99, 302 pages

**PIETY AND POWER:
THE WORLD OF JEWISH FUNDAMENTALISM**
by David Landau
Secker & Warburg £20, 302 pages

Although the requirements of Jewish law are regarded by these Jews as immutable, they are in fact adopting ever stricter observances, especially in Western countries, thus further distancing themselves from assimilated Jews and contributing to what Landau sees as the strong possibility of an outright schism in the Jewish world.

Moreover, the birth-rate among the ultra-Orthodox is much higher than among other Jews: in their international yet close-knit community, seven or eight children are usual, and the mere two-child family considered a pitiable sign of dysfunction. Their strict ritualistic speech and dress, absolute insistence on apartness, are tinged with dislike and contempt for other Jews, let alone non-Jews; yet even so militant a Socialist and secularist as David Ben Gurion failed, with fateful long-term consequences, to challenge their claim to impose Orthodox norms on the State of Israel

Joshua Sherman

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Sex, power and money appeal

QUESTION. In which of this summer's block-busting best sellers will you find the following sentence: "Cor, it's her, the smasher, Angel Tits, wot arrived couple of weeks ago?" Is it from the latest epic by James Clavell? Jilly Cooper? Or Jackie Collins?

Actually it could have come from any of them, because the sentiments and the language are more or less interchangeable between all three, even though one is set in England, another in America, and the third in Japan more than a century ago. There is a strict formula for best sellerdom, a way of putting the stuff across that guarantees a vast and hungry audience all over the world. Authors depart from it at their peril.

As to which of the three can actually claim the sentence as their own, all will be revealed. Suffice it for now that the best book of the three, best by a long way, is the Jackie Collins, *American Star*. It is the story of a young stud of humble origin who makes it big in Hollywood, and as such is not noticeably different to any other novel Collins has ever written.

But people do not read Jackie Collins for something different. They read her for something exactly the same, the same formula of sex, power and money that has served them so well in the past and will doubtless continue to do so long as Collins can keep churning out the words at the rate of 20 pages a day. She is a brand name as much as anything, a marketing enterprise of phenomenal proportions.

A good writer too, despite the undeniable triteness of her material. For pace and verve, for sheer exuberance on the page, there are few to beat her. There is a wonderful moment in *American Star* when the stud's girlfriend is about to be raped by another man and is at her wits' end how to prevent it. This way Collins sets the scene up, it looks as if nothing on earth can save the poor girl from her fate.

But then she glances out of the window and notices a passing tornado, which opportunely picks up her trailer and flings it down again several hundred yards away, flattening

the rapist in the process. The heroine is saved, several other extraneous characters are disposed of, and the tornado passes on, all in fewer words than it takes to write this article. Say what you like about Jackie Collins, but it takes chutzpah to write that kind of scene and hope to get away with it. Yet get away with it she does, and who can quarrel with that?

Jilly Cooper seems positively amateurish by comparison. Her latest novel, *The Man Who Made Husband Jealous*, is set in the heart of the English countryside and is a continuation of all the other Cooper novels that have gone before. The hero this time is 22-year-old Lyander Hawkeye, an achingly handsome toyboy who

AMERICAN STAR
by Jackie Collins
Heinemann £14.99, 568 pages

THE AMN WHO MADE HUSBANDS JEALOUS
by Jilly Cooper
Bantam £15.99, 590 pages

GAI-JIN
by James Clavell
Hodder £16.99, 1019 pages

SKYLARK'S SONG
by Roy Hattersley
Macmillan £14.99, 377 pages

passes the time as a polo-playing estate agent when not barking other men's wives.

So good is he at it – the barking – that he decides to set up as a stud for hire in the Rutshire village of Paradise. Before long women are queuing at his door, gasping for a service while their husbands are away neglecting them in London. All would be well, if it was not for the sinister presence in the village of the world-famous conductor Randal...

And, er, that's it. Not much of a plot, not much of a book either. The author writes like Enid Blyton, which is a compliment of sorts, but one cannot help feeling that the manuscript would have been thrown back at her if it had come in on the ash pile. And if she was looking for a snappier title she could have called it *Bonkers*, since that is what the book is like.

Dashed good yarns

MORRIS WEST does not tell stories. He spins dashed good yarns. His 28-volume, 60-million copy career has propelled a sequence of lean, brawny heroes under desert and ocean skies to wrestle with and to vanquish their moral adversaries. Forty years on the formula, which owes as much to Graham Greene as to Wilbur Smith, is as engaging as ever. *The Lovers*, promised by the publishers to be his last book, shows the maturing of West's craft.

The setting is a sumptuous yacht in the unspoiled Mediterranean of the early 1950s. As to be expected, the cast of characters is larger than life: a haughty contessa, a sadistic Irish-American millionaire, a Vatican financier. Into their intrigues plummets one Bryan de Courcy Cavanagh, a virile multi-lingual Australian late of the Pacific campaign. Cavanagh loses his innocence but wins the affections of the contessa and the respect of Big Money. In the meantime the Old World proves itself irredeemably corrupt, willing to sell its soul for Yankee dollars. It is racy stuff, lucidly written and spiced by allusions to the Vatican's hand in securing the escape of Nazi war criminals and in promoting the plunder of the Italian coast for tourism.

The romance is less convincing, however, and so is the dialogue, which resonates oddly in Orion Wellesian mock-Irish,

irrespective of who among the motley crew is speaking. The flourishes in the slick narrative mostly work well, giving a dreamy cadence to this grown man's fantasy. At other times, as when we are told that the ship "handled like a contended woman," one fears the wine dark sea is merely purple.

Such lapses are not to be found in Tim Pears's delightful, smooth flowing first novel *In the Place of Fallen Leaves*. Here the landscape is Devon, green and rolling though

THE LOVERS
by Morris West
Heinemann £14.99, 314 pages

IN THE PLACE OF FALLEN LEAVES
by Tim Pears
Hamish Hamilton £14.99, 320 pages

DAUGHTERS
by Paule Marshall
Serpent's Tail £9.99, 408 pages

scorched by the hot summer of 1984. The drought will not break and the schools are closed by a teachers' strike. Ursula Mackenzie, the protagonist, stands between a rock and a hard place. The rock is the Caribbean island where she grew up and where her father is a politician whose ideals are increasingly compromised by the reality of dependence. The hard place is New York City, where she struggles to contribute to black advancement in the face of indifference and betrayal. She finds that courage can make a difference, but it is a lonely road.

The book is enlightening about the pain of being black and female in a hostile world. It is particularly good about Caribbean politics. There is a tendency to sentimentality that speaks of overindulgence in the two PCs plaguing modern America: political correctness and the personal computer. Every touchstone of gender and race politics must, it seems, be cited, from rape to abortion to male infidelity to police harassment. And at 400 pages the book is excessively word processed.

Max Rodenbeck

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BOOKS/ARTS

CHICAGO artist Eugenio Dittborn disarmingly proclaims that "the politics of my paintings are in the folds" in the video shown along with his exhibition of *Airmail Paintings* at the Institute of Contemporary Art in London. His "paintings" (the technique of which is predominantly screenprint and collage) are done on very lightweight translucent material, the kind used as interlining in clothes, and travel from exhibition to exhibition across the globe by airmail, folded inside specially designed envelopes. On arrival, they are simply taken from the envelope, shaken out and pinned to the wall. A record of their journeys, the picture title and often a quotation or other explanatory remark are written on the envelopes, which are exhibited alongside the works.

Their support may be flimsy, but the works are on a grand scale, both physically – the unfolded paintings extend for several square feet – and in subject matter. Using a gallery of found images, photos of faces from old crime magazines and government records, newspaper photographs, drawings from an old "teach yourself to draw" manual and others by his young daughter, Dittborn explores the issues of identity and communication both between and within the so-called "dominant" culture – the history (including art history) and politics of the west, and that of the "periphery" – the history and contemporary life of Chile where Dittborn was born and where he still lives and works. Their lightweight format enables their journeys to be made with ease, their intervention into our western artspace achieved courtesy of the postal service.

Images are used repeatedly, most strikingly, perhaps, those of individuals preserved in death, among them the mummified body of a nine year old Inca boy sacrificed in a religious ceremony and the corpse of a man murdered in 1973 during the military dictatorship. Instead of being merely gruesome records of suffering, the images in their new context become transformed, their cruel histories brought before us to ponder and reflect.

All of which leaves poor old Roy Hattersley to bring up the rear. A pity really, because *Skylark's Song* is easily the most literate of the four, albeit lacking somewhat in pace and drive. It is the third in his Yorkshire trilogy about his own family, and more particularly about Father Rex Hattersley, a Catholic priest in the pit village of Shirebrook.

Rex is in love with beautiful Enid, and is prepared to leave the ministry to marry her. But though she reciprocates, Enid marries a handsome fisherman instead, and by a cruel twist of fate it falls to Rex to do the honour. Even worse, he is then forced to sit in the confessional a few months later and listen to his rival admitting to all sorts of sexual complications through the grille.

Promising material, yet never fully exploited by the author. He tells the story well enough, but lacks any real gift for drama or narrative tension.

Too often he falls back on quiet understatement and long passages of explication, when what is needed is a big scene and a fierce interplay of emotions. These people are flesh and blood after all, not just portraits on the Hattersley family wall. One wants to be right there with them, rather than just reading about it in a book afterwards.

Paintings unfolded

Lynn MacRitchie reviews the work of Eugenio Dittborn



Eugenio Dittborn holds up one of his well-travelled works at the ICA

A new work by Mary Kelly, "Gloria Patri," occupies the upper galleries. Its stated subject is "The pathology of masculinity." It consists of a wall-mounted installation of silver trophies, plaques and shields. The trophies are adorned with phrases such as "Cut it off and kill it" or "Kick Ass," recorded from television broadcasts made during the Gulf War, the plaques with strange devices made by cutting military insignia in half and combining them in random order and the shields with short narratives said to describe "scenarios which undo a situation of mastery."

Mastery is a term used in the writings of Jacques Lacan, and the shiny surfaces of the shields which reflect our faces as we study the text on fishing, playing baseball, not eating vegetables, witnessing birth and (the only one with a woman's voice) exercising, are meant to embody aspects of his famous "Mirror Stage." Lacan's writing also provided the theoretical basis for Kelly's most famous work, the "Post Partum Document," presented at the ICA in 1976, and her lectures and writing since then have earned her an influential place in the academic feminist debate.

Unlike Document, however (which infamously displayed stained nappy liners alongside texts written on stone recording her son's first words and her own anxious record of daily events,

making a powerful point about the struggle to combine the ordering function of the artistic process with the

chaos of child rearing), the present piece seems distant from its purported subject. The military and sporting metaphors it uses might have been worth deeper scrutiny, pointers to the mysteries of masculinity rather than being pressed into the service of a dubious theory lacking the underpinning of profound personal experience which brought the previous work so powerfully to life.

Eugenio Dittborn: *Airmail Paintings* 1983-1992 until May 30, then touring to John Hansard Gallery, Southampton, 17 August 17 - September 18 and to Wellington City Art Gallery, New Zealand. Mary Kelly: *Gloria Patri* until May 16, Institute of Contemporary Art, The Mall, London SW1V 5AH.

Poetry in performance/Michael Glover

Wrestling with ghosts

THIS week the Poetry Society hosted a tribute to Sidney Keys, a poet who died exactly 50 years ago in the Tunisian Campaign at the age of 20, just two weeks into his active service. The evening was as much a meeting of old friends and an opportunity to exchange reminiscences as an account of the poet's life and work. Keys' editor Michael Meyer and the poet John Heath-Stevens were the presenters. Both men had been friends of Keys at Oxford, where he read history for five terms until the war beckoned.

Their memories of half a century ago were impressively sharp. According to Meyer, Keys, although a man who tended to prefer the companionship of books to that of the living, was amiable enough – if at times a little dour.

In 1941, Meyer and Keys edited a volume of undergraduate poetry titled *Eight Oxford Poets*. Keys excused himself from it when another Oxford contemporary, Philip Larkin, on the grounds of quality – a judgment with which the wearisomely uncritical Andrew Motion, Larkin's official biographer, concurs. This painful excursion caused Larkin to speak with bitterness of Keys, and to denigrate his reputation, until the end of his life.

Keys worked hard at his poetry and had developed a mature voice and manner by the time of his death. He described himself in a late letter as "an uncomfortable meta-physical without roots," who would rather have been born in 19th century Oxfordshire than near London between the wars.

That remark draws attention both to his achievements as a nature poet in the manner of Clare and Wordsworth, and to his interests in philosophy and symbolism, where his masters were the German poet Rilke and W.B. Yeats. Keys wrote much about death as his own approached, borrowing from Rilke the idea that it is a creature that lives within us with whom it is necessary to come to terms. In his poetry as a whole wrestles as much with ghosts and angels as it does with men –

Sidney Keys died 50 years ago at the age of 20. This week at the Poetry Society his friends remembered him

which strikes the reader as strangely, if not disturbingly, premonitory.

"Poets who die in battle tend to get praised for the wrong reasons, especially by elderly non-combatants," quipped Meyer. Sidney Keys, though sentimental about death as his own approached, was not so much been praised for the wrong reasons as largely forgotten, which is an injustice because his poetry at its best has enduring qualities and his war poetry, though none of it written during his brief period of active service, was driven, like Wilfred Owen's, by an identification with the helpless conscript.

Michael Meyer, a powerful, stocky man

who squares up to the lectern like an

old-time pugilist, read the poems in a gruff, driving baritone. It was a reading quickened and rendered that much more poignant by his own fond memories of a long-dead friend who had "an inner sanctum to which I couldn't penetrate".

It is three years since Sinclair-Stevenson launched his own poetry list, and the publication of four new titles was celebrated by a reading – also at the Poetry Society – this month. It was an eclectic occasion: the poet John Fuller read the last poems of his father (who died last year) with a dry, donnish restraint which seemed entirely appropriate to the material: casual philosophical reveries that explored such themes as the mysteries of the energies of art and the paradoxes of old age. These poems are the products of a mind taking wing after the third drink of the evening as dusk begins to settle over suburban Blackheath.

The best of Sinclair-Stevenson's new

poetry was undoubtedly William Scammell

– who is scarcely a new poet at all, being

54 years old and having already published

six volumes. Scammell is a poet of wit

and fixed intellectual convictions whose

work encompasses politics, literature –

and being a Lakesman, landscape poetry.

Scammell looks boozey and disreputable;

and he has put all this broad experience of

life to good use in his robust, inventive

and iconoclastic verse.

■ Roy Fuller's *Last Poems* and William

Scammell's *Five Easy Pieces* are published

respectively by Sinclair-Stevenson at £14.99 and £7.99

Get to know the National

IF YOU would like to get to know the collection at London's National Gallery better, *Paintings and the Great Questions* is thoroughly enjoyable and stimulating way to do it. Each Tuesday in May, Director Neil MacGregor talks about a different wing of the Gallery and a different period of art, focussing on the thought-world of artists and their patrons. On the following Thursday evening, the relevant wing is then open late (6.15-7.45pm) for a private visit by the audience which has been equipped with a study pack.

Next week's lecture will focus on Veronese's "Family of Darius" and the marriage of Christianity and appreciation of antiquity in the Renaissance. Lectures begin at 6.30 in the Sainsbury Wing. Cost per lecture is £15; tickets are available from the National Gallery, telephone 071-339-1771.

Patricia Morison

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birth of children, not only in Britain but among the Sikhs, Hindus, Moslems, Chinese and others. John Walker was the presenter.

On Thursday we had the first of seven stories about *The Green Horn*

ARTS

Interlude in the sun

SOMEHOW opera suits the great outdoors. Voices drifting across lawns and copes; dusk falling between the acts; the birds competing with the last bird song and the first crickets. A refined architectural backdrop, a Palladian villa, perhaps, or an English country house, helps, for dramatic exits and entrances.

Glyndebourne has successfully married the best of nature with the best of opera for over half a century and has provided a template for many wealthy enthusiasts. Look out this summer for Garsington, the former demesne of Lady Ottoline Morrell; it is befitting to its opera festival to capture the Glyndebourne aficionados suffering cold turkey while a new theatre emerges in the South Downs. Watching Alfredo stalk down the avenue of the most meticulously modelled Palladian villa outside of the Veneto, and following Papageno into the trees of a lush "English" garden seems somehow familiar, reassuring, just so – even when you are in the audience for the first professional opera production ever assembled in Barbados.

The Caribbean islands can no

longer compete on sun, sea and sand. The market is getting bored. Barbados is superbly placed to become the cultural hamlet of the region, the spot to go for some mental uplift to add to the tan. It has an uninterrupted history of British colonisation going back to 1625, with 17th century plantation houses decorating the countryside,

and some of them still stand.

La Traviata took place at Heron Bay, the towering seashore Palladian house that Sir Geoffrey Jellicoe designed for Ronald Tree. It is now owned by the Bamford family.

It also has a generation of the lively rich who want to make the most of the island – and do a bit for charity, too. Hence the first Caribbean opera festival, dreamed up by Richard Hanlon over a Christmas lunch at the 18th century plantation home of John Kidd, and in place by Easter. The singers came from one of those myriad troupes of chamber operas who make a good living performing at corporate banquets and smart parties.

Opera Interludes is from the same stable as Pavilion Opera, Pinllico Opera, Chelsea Opera and the like and shares some of the singers. It is an excellent way for young artists to learn major roles, and to test themselves as actors.

La Traviata took place at Heron Bay, the towering seashore Palladian house that Sir Geoffrey Jellicoe designed for Ronald Tree. It is now owned by the Bamford family.

The roar of the sea pushed the performance into the back terrace; a tropical power cut added its moment of drama. *La Traviata* is not perhaps the most obvious chamber opera. No chorus of gypsies; no Baron, in this four singer version. In Helen Adams, a Donna Elvira at the ENO, there was a Violetta whose voice just about compensated for a sad absence of inflections triste. But the set – long gravel walks, decorated iron gates,

scented borders and towering tropical trees, was stunning.

At Holder's House there was a truncated *Magic Flute*, no bad idea. Here nature again transformed the performances, with Philip Blakely-Jones and Anne Marabini as Papageno and Papagena making the opera almost a bucolic rite. Afterwards there were popular favourites, culminating in the farewell duet from *Guonod's Faust*, the voices echoing back across a velvet night from a wooded glade.

Finally, there were Mozart favourites on the Palm Terrace of the Royal Pavilion, the smartest hotel in Barbados. The attraction of the event was not purely sybaritic. Young music students were invited to the performances and the success of the idea has encouraged a more ambitious programme for 1993, involving local singers in the chorus, and complete operas. *Pirates of Penzance* with the chorus entering from the beach, is one; something sparky by Donizetti or Lehar another. The tyros who fell into the idea are currently surprised by its success; the next step is to become more artistically ambitious without losing the sense of fun.

Missing Glyndebourne this year? Antony Thorncroft ventured further afield in search of alfresco opera, to Barbados

protected by a vigorous National Trust.

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Members of Opera Interludes entertain the sun worshippers at the Royal Pavilion Hotel, Barbados

Search and Destroy

Andrew St George hails Howard Korder's play at the Royal Court

WHAT CAN'T the English write vibrantly plays like the sizzling American piece, *Search and Destroy* by Howard Korder at the Royal Court? Here is a sharp modern morality play, alive to contemporary issues and knowing about contemporary forms, a Pilgrim's Progress for the 1990s, *Death of a Salesman* for the information age. It makes exciting, energetic drama.

Korder centres the action on his Everyman, one Martin Mirkheim, on stage or video throughout the play. He is a small time businessman from Boca Raton, Florida. He is besotted by a self-help book called "Daniel Strong" (a reference to the real 1990s best-seller, *From John*), and wants to produce the movie of the book. So in quest of a moral end – making lives better – he sets about money raising. This takes him to New York and leads him into drug dealing with *los Colombianos* and on to homicide. Martin and his partner Kim kill a traffic cop, then Martin clubs Kim to death.

Throughout, the dialogue is pared down, sliced. The more intimate the scenes, the further apart the actors, carrying the energies across the stage. The set, in the refurbished Royal Court Upstairs, is a blank glossy tiled surface, with four TV screens

holding a gun in the right hand and a cash envelope in the left, he says, "One of these is for you." The blackmailer chooses the envelope – "I believe this is mine" – and leaves Martin to burn up the papers, excise the past.

Morally, the play feeds off the self-help movement: forget the past, change yourself, look to the future, believe in possibilities, be all you can be. But Korder shows how the no-past theory breaks down when forgiving yourself means ignoring your murdering, drug-dealing tax-evading past.

Technically *Search and Destroy* (1990) combines the plot of Robert Altman's fine movie, *The Player* (1992) with David Mamet's early play *Edmond* (another one-way ticket from prosperity to wretchedness) and *American Buffalo* (1975) which also erupts into violence. Korder has the sharp dialogue of novelist Elmore Leonard and the Miami sass of journalist Carl Hiaasen. What emerges is a play which brings together film and fiction.

David Bamber as Martin is excellent; he moves from fear through incomprehension to violence with ease. Andrew Woodall as the suave Kim is a



David Bamber and Andrew Woodall as Martin and Kim respectively in this sizzling American drama

and a lowered ceiling which serves as a table and doubles as a car.

The director, Stephen Daldry, is into design details. Martin's yuppie partner smokes Camel cigarettes and lights them with a Zippo; Ron, the link with the Colombian narco, wears leather jeans and Nike hi-tops (he says, "I don't look good in clothes"). Elsewhere, the Raybans and marguerites are perfectly matched, the swimsuit aptly encrusted with Zirconium, and the lounge suits appropriately pin-striped or plain.

As the only British film critic who thought the interdiction was twaddle in the first place – FT readers could learn the twist in my original review, where it was preceded by a courtesy warning for those wanting to preserve the surprise – may I now welcome the video? At last we can all judge *The Crying Game* (Polgram) as a piece of film-making, not as a PR exercise in palming mystification.

Those who shudder over our movie lives, of course, would like to treat us all as children. They would like to believe we cannot make up our own minds whether to see a particular movie, video or TV programme; nor whether to read a piece of plot revelation in a review, even when protected by the critic's own warning lights. There is less difference than we think between those who censor our screen entertainment and those who control the way a film is released and publicised. Condescension and autocracy are common to both.

Why all these expostulations, you ask? Because movie presentation is becoming an art increasingly prone to gimmickry and imposture. And because so many bizarre changes – additions, subtractions, transpositions – are now happening to films when they graduate to the after-life of videotape that you should be aware of just when and how you are being pushed around. Not just by the censors but by the film-makers, the hype artists and whoever else tries to extract your money, to disarm you with "Don't reveal" plot secrets or to bluff you into thinking a film is an enhanced masterpiece in its latest, newest, most arbitrary format.

So we have appointed May a multiple-choice "special event" month. It is "Don't Think An Expanded Movie Is Always A

Better One" month. Is, for instance, the extra footage in the new, 165-minute-long *Betty Blue* (Fox) an enrichment or does it turn erotic chic into amorous trash? And what of the initially fascinating *Godfather* expansions, now showing signs of slipping into a self-parodying prolixity. See the imminent, even longer, even more amorphous *Godfather III*. It is "Don't Trust Companies Who Serve Up The Same Film In Different Formats" (and then pretend it is a whole new video experience) month. We appreciate the increasing choice of widescreen reissues of films like (this month) *Oliver!* and *Gandhi* (both Columbia). But some will argue that these films should have been presented this way, with their

true original screen ratios, in the first place. Why have we had our pockets raided twice?

And it is "Take Two Pinches Of Salt With The Director Who Appears On His Own Video To Recount His Artistic Struggles" month. We refer to Adrian Lyne, whose on-screen agonising over *Fatal Attraction*'s alternative endings add to the morbid-curiosity value of the video if not to the film's stature as an artwork. But other movie-makers are already rumoured to be signing on for this stunt.

But it is May, as we observed, so let us end by dancing a little round those gaily-coloured new releases with which we have no quarrel. Splendid to see *Howard's End* (Curzon) trailing Oscar

glory onto the small screen; and please catch Emma T. also in the funny, underrated *Peter's Friends* (SV EVV), directed by husband Ken.

Excellent to note the multiplying number of foreign mov-

ies on video; this month two

vintage Rohmers, *The Marquise Von O* and *Pauline A La Plage* (both Connisseur).

Zhang Yimou's majestic mar-

tal melodrama *Raise The Red Lantern* (Electric) and Kies-

lowski's haunting teaser on

love and identity *The Double Life Of Veronique* (Tartan).

And wonderful to see twelve vintage "Carry On" films reissued by Warner. Please carry on, gentlemen, through the

whole cannon.

Andrew St George

The Swan Theatre, Worcester (0905 27322) until May 8

Brideshead revisited – this time on stage

EVELYN WAUGH (1903-65) wrote *Brideshead Revisited* in 1945. In a stage premiere by the Snap Theatre Company at the Swan Theatre, Worcester, it seems more serious than itself, much more like Eliot's *The Cocktail Party* (1950) or Rodney Ackland's *The Dark River* (1941). The play sets out to be a corrective to the nectared nostalgia of Granada's lavish 1980 TV series.

However, the familiar characters, or rather ciphers, have still not shaken off the Granada heritage. The Swan production, adapted by Roger Parsley and directed by Andy Graham (who appeared in the TV *Brideshead*), still owes much in tone to Granada.

What Waugh wrote in the 1959 preface to *Brideshead* speaks for the history of the book and its representations: "a glutony for the splendours of the recent past" – Granada revisited.

The story of Charles Ryder's obsession with the Marchmain family and in particular Sebas-

tian Flyte and his sister Julia is overlaid with Catholic excess and guilt. Julia says: "The worse I am, the more I need God." These three are the most perplexed and engaging characters; around them a cast of 1920s academics, socialites and aristocrats hover like gnats over Christ Church meadow. Anyone who crossed Waugh's path was immediately made into a figure of absurdity and ridicule.

The persistent Oxford context (The House, Old Tom, Mercury) gives the novel and the play a *Zuleika Dobson* feel, but the action stays clear. The rest is Aloysius the teddy bear, plovers' eggs and Moët.

The adaptation crams Waugh's text into 34 scenes

Ryder's memories are spread out laterally on the stage, a living portrait of a dying family. The here-and-now of Ryder's 1943 army billet contrasts perfectly with the blue remembered hills of early adulthood. The action does move elegantly between scenes, but Lady Marchmain

appears to have strayed in from Ambridge, constantly "having a word" or "wanting a chat." And it was brave to abandon Waugh's haunting last line spoken by an adjutant to Ryder as the troops settle into the billet. "You're looking unusually cheerful today."

The cast of seven plus teddy play is of the more memorable characters in the novel, as well as some minor ones. The acting is everywhere tactful and thoughtful, with particularly versatile performances from Barney Long (as Samgrass, Sebastian's academic minder) and Lord Marchmain) and Brian Orrell (as Boy Mulcaster and Brideshead). The principals, Andrew Loudon as Charles and David Willoughby as Sebastian flirt with the sexual relationship hinted at in Waugh. Lisa Turner as a sexy, troubled Julia is excellent.

Andrew St George

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What a carry on!

Video/Nigel Andrews

Better One" month. Is, for instance, the extra footage in the new, 165-minute-long *Betty Blue* (Fox) an enrichment or does it turn erotic chic into amorous trash? And what of the initially fascinating *Godfather* expansions, now showing signs of slipping into a self-parodying prolixity. See the imminent, even longer, even more amorphous *Godfather III*. It is "Don't Trust Companies Who Serve Up The Same Film In Different Formats" (and then pretend it is a whole new video experience) month. We refer to Adrian Lyne, whose on-screen agonising over *Fatal Attraction*'s alternative endings add to the morbid-curiosity value of the video if not to the film's stature as an artwork. But other movie-makers are already rumoured to be signing on for this stunt.

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IT SEEMS only yesterday that the former Home Secretary, Kenneth Baker, brought in the Criminal Justice Act. But now Kenneth Clarke, his successor is to alter two of that measure's key provisions.

The new system under which fines are means-tested will be lowered - no more than £3,000 fines for well-to-do Hitler-droppers. The no less new injunction that magistrates should not take previous offences into account when deciding on sentencing will apparently be removed.

With the original legislation introducing means-tested fines was ill-thought out and most unfury, I think it was well-intentioned, as a way of preventing crime by a novel form of anti-middle class deterrence. But the law that prevented magistrates from treating recidi-

Off with their hands!

Dominic Lawson welcomes tougher sentences but says the law could go further

vists more harshly than the first-time offender, and which has rightly succumbed to criticism from the Lord Chief Justice, could never have been anything other than an attempt to reduce the prison population, and let the public take the consequences.

The legislation arose, not out of a desire to see crime properly punished, but to save the Home Office from the incident which its civil servants dread above anything else: a prison riot. Riots had been breaking out with increasing frequency, and the cause, it seemed to the Home Office, was overcrowding.

The rational answer was to build more prisons, but that is a long-term solution, and something

was needed in the short term to reduce the prison population.

What could be more natural than to impose conditions which would minimise sentences? Indeed, the policy has been a success: the growth in the prison population has been reversed. Unfortunately

the rise in crime has continued, fuelled by the villains' knowledge that the chances of condign punishment has been greatly reduced.

It was often joked in ministerial circles that the most difficult job in government was the one that Kenneth Baker had just had: nobody

has more cause to laugh ruefully at that, than Kenneth Clarke. But if it is not enough to revoke the most obviously loony aspects of the

Criminal Justice Act.

As Mrs Beeton might have said: first catch your criminal. To some extent tougher sentencing will lead to more criminals being caught. For the police, much of the satisfaction of their work comes from putting criminals away. The more severe the sentences, the greater the incentive for the police. The forces of law and order often do not press charges where they should be pressed, because they judge the work involved unlikely to be rewarded by the removal of the criminal from society.

In recent months we have been burgled, once in the country, once in London. On both occasions the only apparent action taken by the

police was to send my name and address to counselling agencies.

Thus last week we received a letter which read: "We are sorry to hear from the police that you have been the victim of a recent crime. If you would like someone to visit you to talk through the experience, please get in touch with us".

We also received a letter from Rochester Royal Police station, which began: "I am sorry to hear that you have been a victim of crime... the crime is being investigated by an officer whose name is shown above." No name "appeared above," unless "Burglary Squad" is the name of an officer.

I suppose I should not sneer at

attempts by the police to be "user-

friendly", and I suppose I should talk to the careers at the South Westminster Victims' Support Scheme if only to cheer them up by giving the impression that their services are not entirely useless. The only thing which would cheer ME up is the thought that the intruder who broke into our house might be captured, and, if he were captured, that he would be made very miserable for a long time.

I confess that having also, in the past fortnight, had my car twice broken into, my attitude to criminal justice has hardened. In the small hours, as I lie awake anticipating the sound of breaking glass, my mind wanders to Saudi Arabia, where persistent thieves can have their hands cut off and I speculate what would happen if we merged the Westminster parliamentary system with an Islamic code. Perhaps that is something for the next home secretary to consider.

■ Dominic Lawson is editor of *The Spectator*.

Defence of the realm

Michael Thompson-Noel



TENNIS lessons. Chess lessons. My life at present is a whirlwind of instruction. Yesterday it was a chess lesson, one of a series that I and two friends are having to prepare ourselves for the Nigel Short-Gary Kasparov world chess tussle in London in September. The two friends are: John Major, prime minister of Britain, and Queen Elizabeth II, head of the House of Windsor. Our instructor is Nigel Short himself. We meet in utmost secrecy.

Usually, the Queen was accompa-

nied by the Seven Dwarfs,

her two Welsh corgis, who are notorious,

at Buckingham Palace, for savaging the flunkies. But the Queen soon settled them. Before the lesson started she produced seven silver bowls into which she spooned caviar. The dwarfs gobbled it greedily and collapsed in a malevolent heap.

"That's put paid to them," she said. "Nigel - let us start. One must get away on time. There are more ructions brewing - more media allegations. Where will it all end? Not that one isn't injured. *No es para tanto*."

"Right-ho," said Nigel, whose own mental and physical preparation for his match against Kasparov the barbarian is proceeding smoothly. "Today I thought we'd study sacrificial play in the middle-game, especially sacrificial play aimed at destroying our opponent's defensive structure. Remember my golden rule: before launching any sort of attack, sacrificial or otherwise, always count the number of pieces you will be attacking with and try to ensure it exceeds the number of pieces your opponent will be defending with."

HAWKS & HANDSAWS

Nigel said he would show us a game he played against Agdestein in 1987, involving the Greek bishop sacrifice. With grandmasterly finesse he set up the pieces and moved them at great speed, so that all we could see was a blur of pawns and bishops and cleverly skulking knights.

"Right," said Nigel. "This brings us to move 14. From here, play went: 14. Bxd7+, Kd7; 15. Ng5+, Kg7; 16. Qd3, Rf6. So how did play continue?"

John Major wriggled and frowned. "I must say, Nigel," he said, "that sacrificial play leaves me with feelings of considerable unease. It does not seem logical to throw away a perfectly stalwart piece when you are doing jolly well anyway and embark upon a course of action that is little short of reckless. It reminds me of politics. I am being urged at the present time to sacrifice Norman Lamont, my chancellor of the exchequer. But as Michael has pointed out, alone among his colleagues, Norman is a hero, a man of considerable stature. Why should I cast him out?"

The Queen trilled with merriment. "In one's own line of business," she said, "one gets accustomed to stratagems, especially mid-game sacrifices. You work to five-year terms. A monarch thinks in centuries. *Qui non profiticit deficit*. Anyway, the answer to Nigel's little teaser is strikingly obvious. What follows must be: 17. Qg7+, Kb8; 18. f5!..."

"Absolutely brill," said Nigel. "Exactly how it happened. Then I put the boot in it was completely open house."

"Nigel!" exclaimed the Queen. "One wishes you hadn't said that. Completely open house. That is one's current stratagem, one's sop to the anti-monarchs, but one would rather you didn't remind me. Can you imagine the mess and noise when Buckingham Palace is thrown open to the populace this summer? One is dreading it entirely. And what will they be gawking at? Just a load of art works, mainly dusty pictures. One is sending the dwarfs to Scotland. They are liable to go berserk."

I had been quiet until now, but I could not resist the opening. I said: "I agree with the character in Barry Unsworth's novel, *Stone Virgins*, who says, in all seriousness, that great works of art are more important than people - that life can spawn more life, but that you can't spawn Gothic Madonnas."

"Look at the floods in Venice in 1966, which triggered off countless restoration projects and set the money flowing. If it hadn't been Venice," says this character, "if there had only been people to worry about, what would anyone have done? I'll tell you. They would have sent a few food parcels and forgotten all about it."

The Queen smiled. She said: "Michael does go on." She revived the dwarfs with smelling salts and telephoned for her car and detective. The rest of us did the same. So ended our second lesson.



Colin Beever

Private View/Christian Tyler

English thoroughbred shows his class

"yeh?" He wants you to agree.

"I said: I suppose you're not enough of a chauvinist to compare fillies to women, are you?"

"Probably very similar. Very similar. They've all got a lot of character. They just a take a little bit of understanding. When you have a good one they're very genuine. You can't beat a good filly. But you know, you can't push. If you've had a bad winter, cold spring, you might find they just don't come. You've just got to sit and wait and when the weather changes suddenly they sort of open up like flowers. If you force the pace they just go backwards."

The horticultural analogy is not an accident. Cecil loves his garden, specialising in old-fashioned roses which derive, like him, from Scot's briar. He can rhapsodise about a rare blue flower he found on the nearby Devil's Dyke.

Do successful trainers have green fingers, like gardeners?

"I can't judge other people. But I know a lot of my work is just instinct. I just sort of have a feeling about things."

In my limited experience horses are either stupid or neurotic. Cecil

would have none of it.

"Some can be highly-strung. Depends entirely how they're treated. If you treat them with respect and get their confidence you can eliminate a lot of that. They're not stupid. They never forget."

Are there any delinquents?

"It's amazing how they can come

they know when they're good, too."

Cecil's handling of horses is a matter of record. I asked him what he was like with people.

"I'm not a snob. I don't find I have any difficulty in socially mixing with anybody. I can deal with people. I've had to deal with them. I know what you can ask them, what

youth.

"Yeh. I was quite wild. My father was quite wild, from what I hear. I'm much more settled now. I mean, leopards don't change their spots, do they? I do like a little bit of fun, I like the funny side of things. But I'm not a very social person."

You're more grown-up now?

"I don't think I'll ever grow up. I've always got a wild streak in me. I don't want to grow up really. I rather like being sort of... village idiot now and again. I like people taking the mickey out of me actually. I like to be the slight buffoon, yeh? Another thing: I think it's an advantage in a lot of ways. You can sort of give that impression but underneath... if you get them to relax then you're on a very good wicket, you're holding the cards."

I thought of the nine O levels. Are you much brighter than you let on?

"I'm not a sort of intellectual, but I wouldn't say I'm stupid."

Though born with a silver-plated spoon this Henry is no Hoory. "I hate that sort of boring facade," he said. "I find it pathetic and uninteresting - characteristics - the cavalry twirls and club ties. I used to go racing in purple and yellow

to expect."

Are you good at man-management?

"I like to think I am, yeh. I have a staff here which very seldom anybody leaves: all work well together, nobody's cracking a whip. I employ people for maybe seven, eight hours a day and after that their life's own. We've all got to work, so let's enjoy it."

Are you a convert to the work ethic, I asked. You had a riotous

wicket, you're holding the cards.

I thought of the nine O levels. Are you much brighter than you let on?

"I don't drink very much. I drink beer. I don't drink spirits. I'm not very good when I drink a lot, so I'm careful."

Champagne?

"I'm not very keen on champagne."

You have to believe a man - especially one with the ears of a Derby winner.

As They Say in Europe/James Morgan

Washington Post and water buffalogate

It was a great relief to get back to the European papers after a week of the *Washington Post*.

On the east side of the Atlantic one finds awful drivel, lowest-common-denominator lubricity; bitter, partisan distortions, cheap abuse and fanatical commitment to pointless causes. US columnists try to scale some of these heights but end up merely driving hobby horses into the ground. Where Europe scores is in the lack of the mean-mouthed high-mindedness that characterised the better sort of US newspaper and which makes even *The Independent* seem vulgar.

That became especially obvious to anybody who landed in Washington in the middle of the Gay Rights March a couple of weeks ago. It was hard to find anywhere to stay: one wondered if those who were able to occupy nearly all the rooms in \$20-a-night hotels wholly deserved the

large additions to federal spending they demanded.

This point could not have been made in *The Washington Post* which devoted two sympathetic pages to the march on the day of the event, and even more before and after.

Now the paper employs an "Ombudsman" to keep the journalists in line. This year's examiner of the paper's conscience is one Joann Byrd. A week after the March she wrote that the *Post* had done an inadequate job in covering it. Not all was bad: the paper had at least fully reported the views of those involved - "A story that has needed editing since the beginning of newspapers." I believe this to be a reference to the failure of the first Italian *Gazzetta* in 1560 to publish an account of "Michelangelo at home" in its "Lifestyle" section.

The *Washington Post's* ombudsman had in mind then

emerged in a fascinating assembly of grammatical novelties and syntactical traffic jams. The paper had dealt with two aspects of the problem of being gay in America today, but - "there was a third story and uncharacteristically" the *Post* did little with it: Gay rights is also a political and public policy story, a sociology story, a hard-news story of disagreement and discrimination, their sources and remedy - what we did not get was a straightforward status report on gays, nor the usual measures of the hurdles and the political environment in which this issue is being argued." It just goes to show, even in a two-page overkill, you may still not reach

boredom's last frontier.

Another item in the *Post* last week recounted how the University of Pennsylvania has been shaken by a crisis which erupted when a student, Eden Jacobowitz, shouted "Shut up you water buffalo" at five

black female students who were taking part in a sorority celebration one night on the sidewalk below his window. He was therefore caught in the university's Speech Code which is designed to ensure nobody is ever offended again.

"Experts" were brought in to decide whether "water buffalo" had

a history as a racial epithet, one faculty member arguing that the creature was a large black animal living in Africa. It is in fact an Asian brown animal. Jacobowitz explained that he had translated it from the Yiddish *belema* which has no racial content. The importance of the matter lies partly in the fact that the President of Penn State, Sheldon Hackney, is President Clinton's choice to head the National Endowment of the Humanities. He is, needless to say, a supporter of the Speech Code.

To its credit the *Post* did head a subsequent editorial, "Speech code

silliness." It published a section of the code which showed that Americans are up against if they want to express themselves - a listener has only to infer that a direct injury is intended for the speaker to be judged guilty.

In Europe it is unlikely that one would be caught up in a semi-judicial enquiry as a result of shouting the names of Asian oxen at one's colleagues.

But then a European would have been in trouble had he opted for the proper American alternative available to Jacobowitz - merely threatening the alleged water buffaloes with an AK47.

The obsessive concern of the US

is not, as is sometimes believed,

with the rights of individuals, but

with the rights of individuals as members of a class. In the US anyone can buy a rifle because there is thought to be a general right to own

guns. Those who do not own guns have, as such, no rights, however terrified they may be of their neighbours. This is because there is no recognised class of non-gun owners. In most of Europe the individual is by and large protected from gunmen because gun-owning is an exceptional right.

This gulf in attitudes accounts for the difference that exists between newspapers in Europe and the US. The latter are devoted to what one might call regulatory matters, to the arbitration of absurd conflicts, to the definition of an absolute right to free speech in a society which demands absolute protection from verbal injury, and to the endless insistence on "the rights of us."

No wonder people on \$250,000 a year see themselves as victims. No wonder people like David Koresh become significant figures.

■ James Morgan is economics corre-

spondent of the BBC World Service.

10 fighter cost
up 50% over
estimates